November 26, 1973

RAILWAY AGE

FREIGHT TRAFFIC ISSUE

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Special Report: Capital Investment

'74 Budgets Will be Bigger

DEC 3 1973
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"Sounds strange, but one way to combat rising costs is to spend $144.50 more per car."

Murray J. Franklin, Vice President, General Manager, Westinghouse Air Brake Division.

While you're busy thinking of ways to save money, we're asking you to spend more. Why? Because by spending a little, you'll earn more in improved productivity.

In the last decade, you've made trains go faster, increased the size of cars, increased the number of cars per train and put more weight in those cars. Result: braking systems have to work harder and require more stopping space.

Trains will continue to get longer, heavier and faster. At WABCO we have the capability to make them efficient and more productive.

The normal cost of brake control equipment is about $680. We're suggesting you spend another $144.50 and buy our B-1 Quick Service Valve. You'll actually add value to your cars.

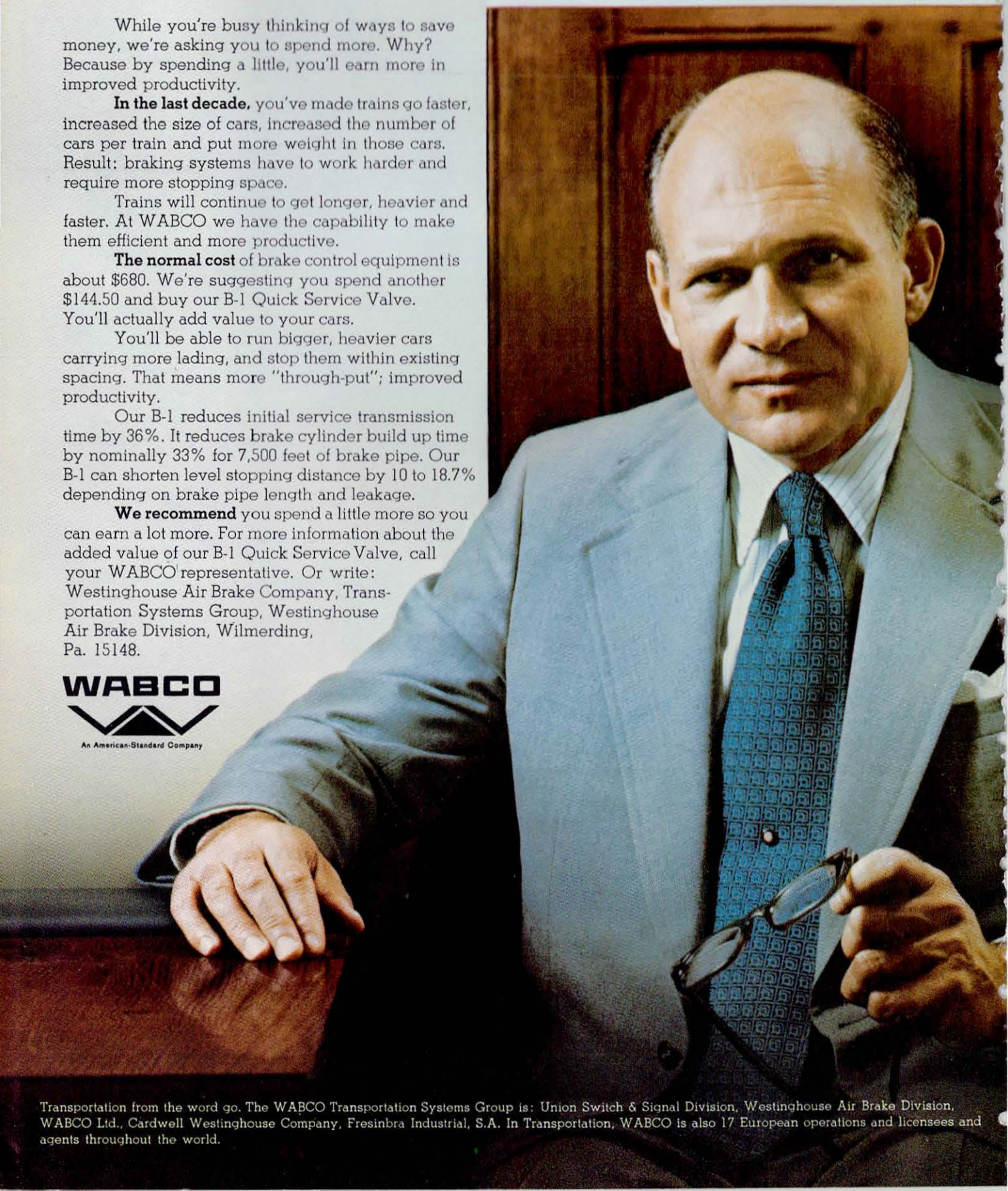
You'll be able to run bigger, heavier cars carrying more lading, and stop them within existing spacing. That means more "through-put"; improved productivity.

Our B-1 reduces initial service transmission time by 36%. It reduces brake cylinder build up time by nominally 33% for 7,500 feet of brake pipe. Our B-1 can shorten level stopping distance by 10 to 18.7% depending on brake pipe length and leakage.

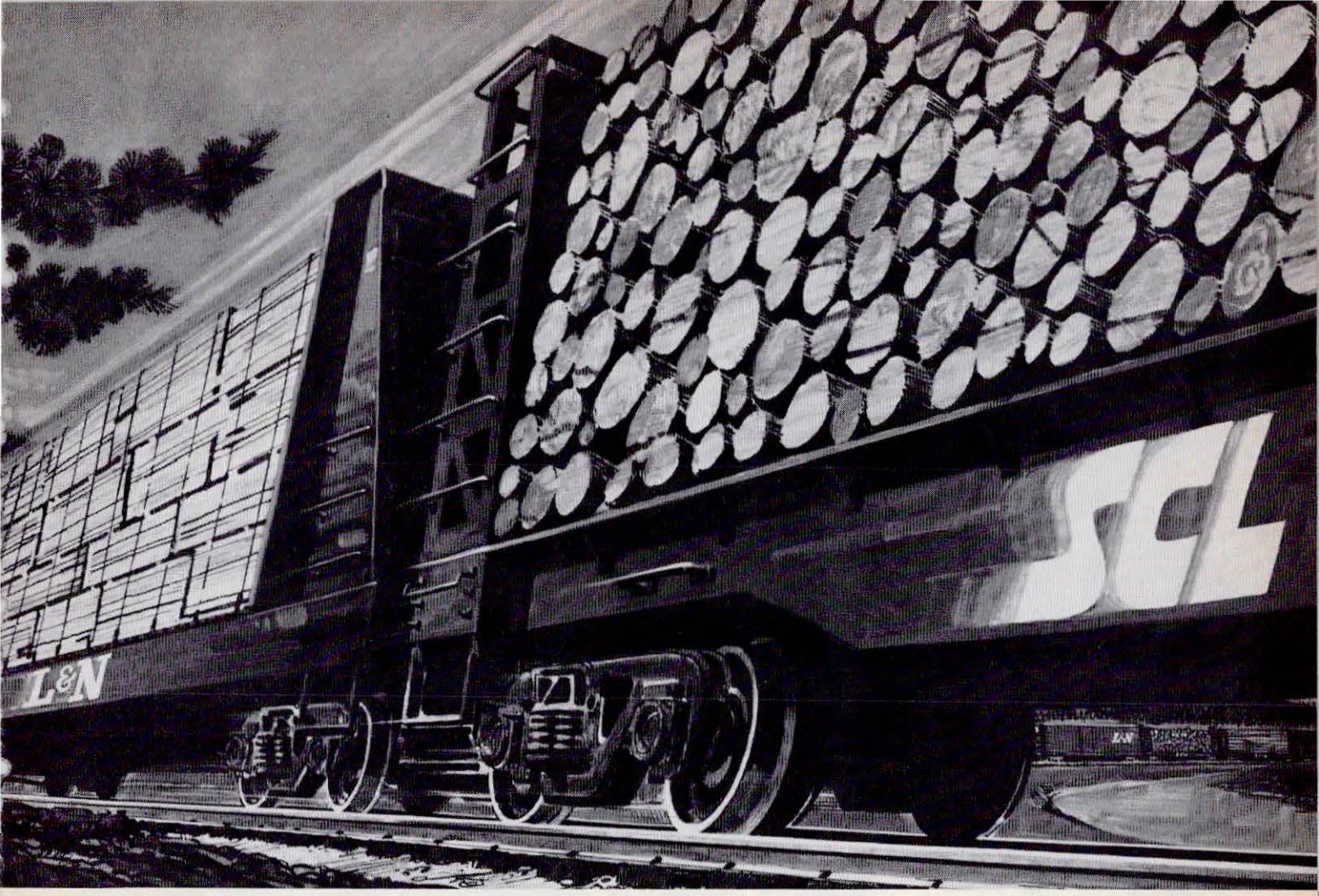
We recommend you spend a little more so you can earn a lot more. For more information about the added value of our B-1 Quick Service Valve, call your WABCO representative. Or write: Westinghouse Air Brake Company, Transportation Systems Group, Westinghouse Air Brake Division, Wilmerding, Pa. 15148.

WABCO

An American-Standard Company



Transportation from the word go. The WABCO Transportation Systems Group is: Union Switch & Signal Division, Westinghouse Air Brake Division, WABCO Ltd., Cardwell Westinghouse Company, Fresinbra Industrial, S.A. In Transportation, WABCO is also 17 European operations and licensees and agents throughout the world.



TIMBER LINE

The Seaboard Coast Line and the Louisville and Nashville Railroads, working together as The Family Lines, are the world's largest carrier by far of pulp, paper and forest products.

In a given week, we'll handle thousands of carloads. Plus a great number of outbound finished paper, lumber and plywood shipments. But this doesn't tell the full story of The Family Lines and America's Paper and Forest Products Industry. That story began in the 1950's when we started a program to develop prototypes of specialized equipment to fit customer needs and make our operations more efficient as well. Because we were determined to meet *all* the equipment needs of our forest products and paper customers –and that included specialized pulpwood and wood chip cars.

So we took our ideas directly to the people in the Industry and got their suggestions. Since then, we've been improving doors, raising roofs, modifying cushioning devices, and designing totally new cars such as the super jumbo wood chip hopper with an enlarged capacity of 7,000 cubic feet.

As successful as the Timber Line story is,it isn't unique on The Family Lines. We'd like for you to have case histories that cover some of the other success stories we've helped to write with the customers we serve. Call or write for your Family Lines brochure.

Then we'd like to help write the next success story with you.

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THE FAMILY LINES.

The Flour Power Car.

Handling's a lot simpler on ACF's Pressure Differential Center Flow car. In fact, one man can now hook up to unload in under 10 minutes. Because there's no bulky pressure sled to wrestle with.

We licked the sanitation problem, too. With hatches and outlets that seal out contaminants. So even difficult commodities arrive in superb condition.

At just 5 pounds pressure per square inch, the 5 psi car can also carry powders, pellets or granules. Economically. And unload them easily into highway trailers or silos.

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ACF's 5 psi car. We keep the pressure low and the efficiency high.

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RAILWAY AGE

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Inside

LUTHER S. MILLER

TOOLING UP FOR A BIG '74

Despite persistent talk of a flattening-out of the economy in 1974—and some talk, even, of a recession of minor-to-moderate proportions—railroads generally are looking to another record traffic year. One reason for this, at a time when the energy problem has mushroomed into an energy crisis, is the demonstrated efficiency of railroads vs highways as energy users. In New York recently at a meeting with security analysts, Southern Pacific President Benjamin F. Biaggini documented this generalization with some interesting statistics. One gallon of diesel fuel will move 64 tons of freight one mile by truck, said Biaggini; that same gallon of diesel fuel will move 238 tons of freight one mile by rail. It is to be hoped that this intelligence will not fall upon unreceptive ears within the Administration which has said, in effect, that while it can fuel some of the carriers all of the time and all of the carriers some of the time, it cannot fuel all of them all of the time.

Coal's apparent comeback (pp. 32 and 54), a direct outgrowth of the energy crisis, is also having a bullish effect on traffic.

In any event, the railroads are tooling up for a big traffic job in '74—and this is reflected in early estimates of capital budgets for the New Year. Right now it looks as if spending this year will be in the neighborhood of $2 billion (around $1.4 billion in direct railroad spending, and another $600 million for leased and private carline equipment). All indications point to at least a 10% increase in '74, to around $2.2 billion.

The big item is, and will continue to be, freight cars. By Dec. 31, railroads will have placed orders for around 80,000 new cars within a 12-month period (as opposed to the 60,000-plus which the American Railway Car Institute was projecting last June).

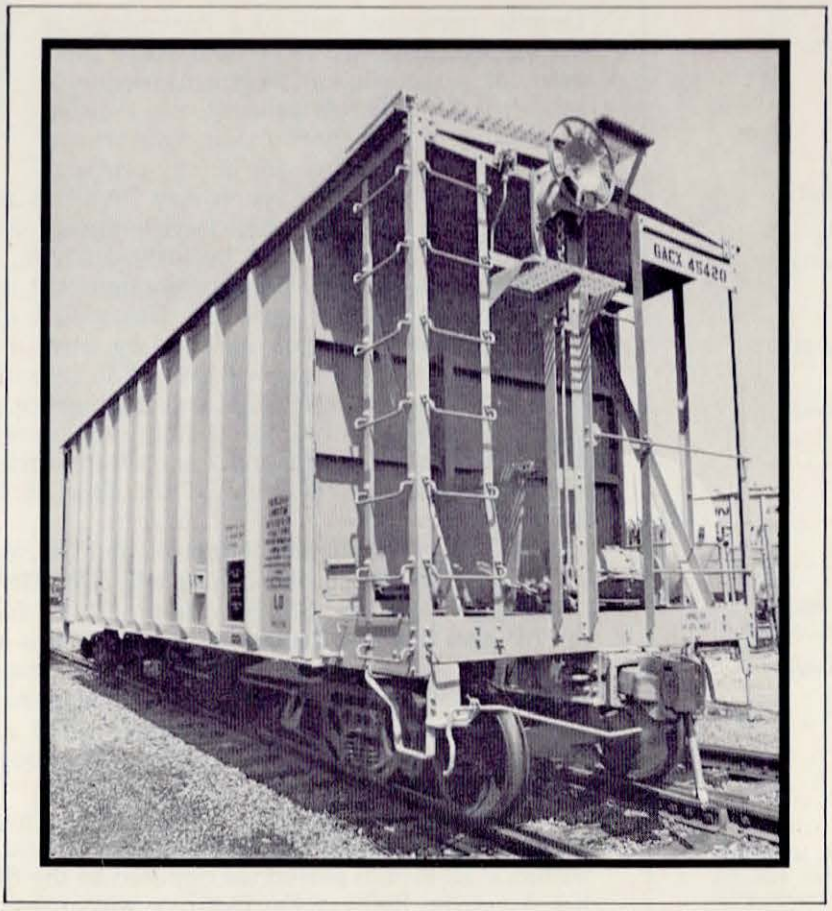
What railroads are planning to do in the way of new capital investment—and why they're planning to do it—is the subject of Senior Editor Gus Welty's cover story (p.22).

"POLLUTION SOLUTION: SHIP BY RAIL"

Every railroad man knows that railroads are not only the most efficient prime movers of freight, but also the least polluting. But does everybody else know that? Railway Age Publisher Robert G. Lewis decided it would be a good idea to put the message where it would do the most good: on the highways. From the 3-M Co., Bob ordered an initial 5,000 bumper-stickers carrying the "Pollution Solution—Ship by Rail" message in retroflective red, white and blue. The first printing was sold out even before it was off the presses. One railroad bought 4,000, another 4,500. As of this writing, 20,793 had been sold. Want one? Or 1,000? Write to F.C. Osthoff at our New York office for details.

RA PUBLISHER LEWIS: Putting the message where it counts.

A FAMOUS AMERICAN CLASSIC.



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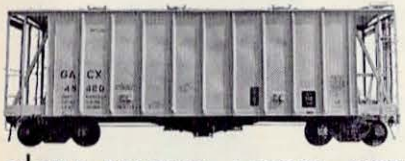

Over 20 years and nearly two billion user miles have established the Airslide car as the standard of the industry. Every day more users are discovering that the Airslide way is the logical way to ship flour, sugar, starch, powdered or granular chemicals and other finely divided commodities.

Proven performance and simplicity of operation will continue to make the Airslide car a classic!

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GATX 75
SEVENTY-FIFTH ANNIVERSARY YEAR.

Circle 3 on coupon page 45

RAILWAY AGE

NOVEMBER 26, 1973

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Short and Significant

BN AND ICG FILMS RATED TOPS BY PRSA

The Public Relations Society of America has picked a Burlington Northern film, "Portrait of a Railroad," as the outstanding public relations motion picture of the year. BN's film was rated No. 1 among the 172 entries in PRSA's competition. The award was presented to Albert M. Rung, BN's vice president of public relations and advertising, during PRSA's annual meeting in Honolulu Nov. 12. In accepting the award, Rung noted that the film was made by Francis Thompson of New York: "He was instructed to 'tell it as you find it,' and was given complete access to our 25,000-mile railroad. I don't know what most impressed the judges, but the film's candid, insightful interviews with railroad men and women, together with spectacular photography of the equally spectacular American West, have prompted most comments by our preview audiences." For the best film in the employee relations category, PRSA presented its top award to Illinois Central Gulf's "We're That Kind of Department." The ICG film was made under the direction of John D. Mitros, assistant vice president-corporate relations, and Clifford G. Massoth, director of public relations and advertising.

FREIGHT-CAR POOL ADVOCATED

"The railroad industry should and will come up with its own financing to provide a free-running car pool," says AAR General Solicitor Carl V. Lyon. His comment came during a panel discussion at the annual meeting of the National Association of Shipper-Motor Carrier Conferences in Indianapolis. Lyon suggested that any car-pool plan Congress comes up with may have so many restrictions that it will not win industry-wide support. One such plan is the Fastcor proposal, which Sen. Vance Hartke (D.-Ind.), its principal supporter, has tried to tack onto the Northeast railroad legislation. Richard E. Briggs, assistant to the president of the AAR, recently reiterated the industry's opposition to that plan, declaring that railroads "cannot afford to pay the price which would be extracted by one of the bill's so-called 'labor protective' provisions." Briggs told a meeting of fertilizer-industry leaders in Washington: "The provisions of the Fastcor bill are not designed to protect employees—they are designed to protect jobs. They require railroads to fill jobs that are not needed. Thus the railroads utilizing loan guarantees under this bill would not be able to benefit appreciably from increases in productivity because reduction of work force—through full attrition—would not be permitted."

EL OPENS NEW TOFC YARD AT BUFFALO

Erie Lackawanna has opened a new 24-car piggyback facility at Buffalo, N.Y., with the aim of improving and speeding up TOFC/COFC service in the area. The yard is equipped for end-loading of flat cars by means of a portable ramp; a side-loader will handle containers.

TON-MILES AT NEW PEAK IN NOVEMBER

Railroad freight ton-miles, which in this year's first 44 weeks attained a level 8.7% above the corresponding period in 1972, hit a new all-time weekly high during the seven-day period ended Nov. 3. The 17.6 billion ton-miles produced that week topped the previous record established in the week ended Oct. 20.

CP RAIL LEASES POWER FROM U.S.

Freight ton-miles produced by CP Rail in recent weeks have been at all-time record levels, due partly to the backlog of grain and goods piled up during the railway strikes—and to help do the job, CP has gone south searching for more power. By early November, the railroad had leased 44 locomotives from two U.S. railroads—Bessemer & Lake Erie and Bangor & Aroostook—and from Precision National, and was expecting an additional 14 leased U.S. engines to be on line by mid-month.

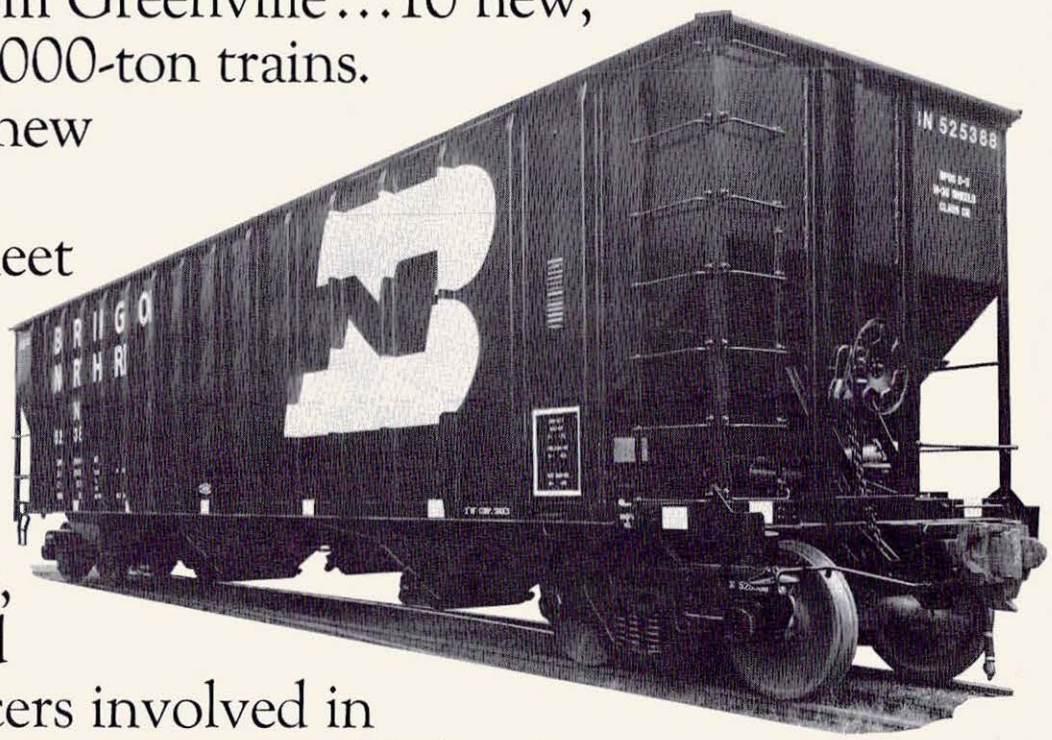
CTA TO OPEN BIDS FOR 100 CARS DEC. 3

The Chicago Transit Authority will be opening bids for 100 transit cars Dec. 3. These are the same 100 cars that CTA sought bids on at least two times last year before finally giving up altogether partly due to the controversy that arose over rapid-transit/commuter-car structural integrity following the Illinois Central Gulf commuter train accident in Chicago on Oct. 30, 1972. When it announced last year that the bidding for the 100 cars was being called off, CTA said it wanted to make a safety study of its cars before proceeding with any new purchases at the time. A safety study has been made, but not on the grand scale (estimated cost: $50,000) that was originally planned. In the current go-round of bids, CTA isn't likely to see as many potential bidders as it had last year (13), nor is it apt to see bids submitted as low as $22,230,000, the amount the 100 cars were expected to cost last year. On the other hand, while only two of the 13 potential bidders of last year were expected to be serious contenders for the order, CTA is looking for at least four serious contenders at the Dec. 3 bid opening.

(Continued on page 50)

BURLINGTON NORTHERN gets set for ten new unit coal trains.

The fastest-growing segment of the dynamic Burlington Northern's rail business is moving low-sulphur coal from the West's big new fields to Midwestern utilities. BN's capability will be greatly enhanced by the addition of 1080 100-ton triple hoppers from Greenville...10 new, 100-car, 10,000-ton trains.



This new Burlington Northern fleet is one of many supplied by Greenville to railroads, utilities and coal producers involved in unit coal train operation. If there's big coal in your future, the probability is Greenville's in your future, too. We know about unit coal trains. We'd like to talk about them with you. Some of our knowledge has been condensed in an 8-page brochure. Write to us. We'll send it along.

GREENVILLE
STEEL CAR COMPANY
SUBSIDIARY OF PITTSBURGH FORGINGS COMPANY / GREENVILLE, PENNSYLVANIA, 16125 / PHONE: 412-588-7000

Circle 4 on coupon page 45

DIRECT INTERCHANGE
OR THE TIME AND MONEY SAVER

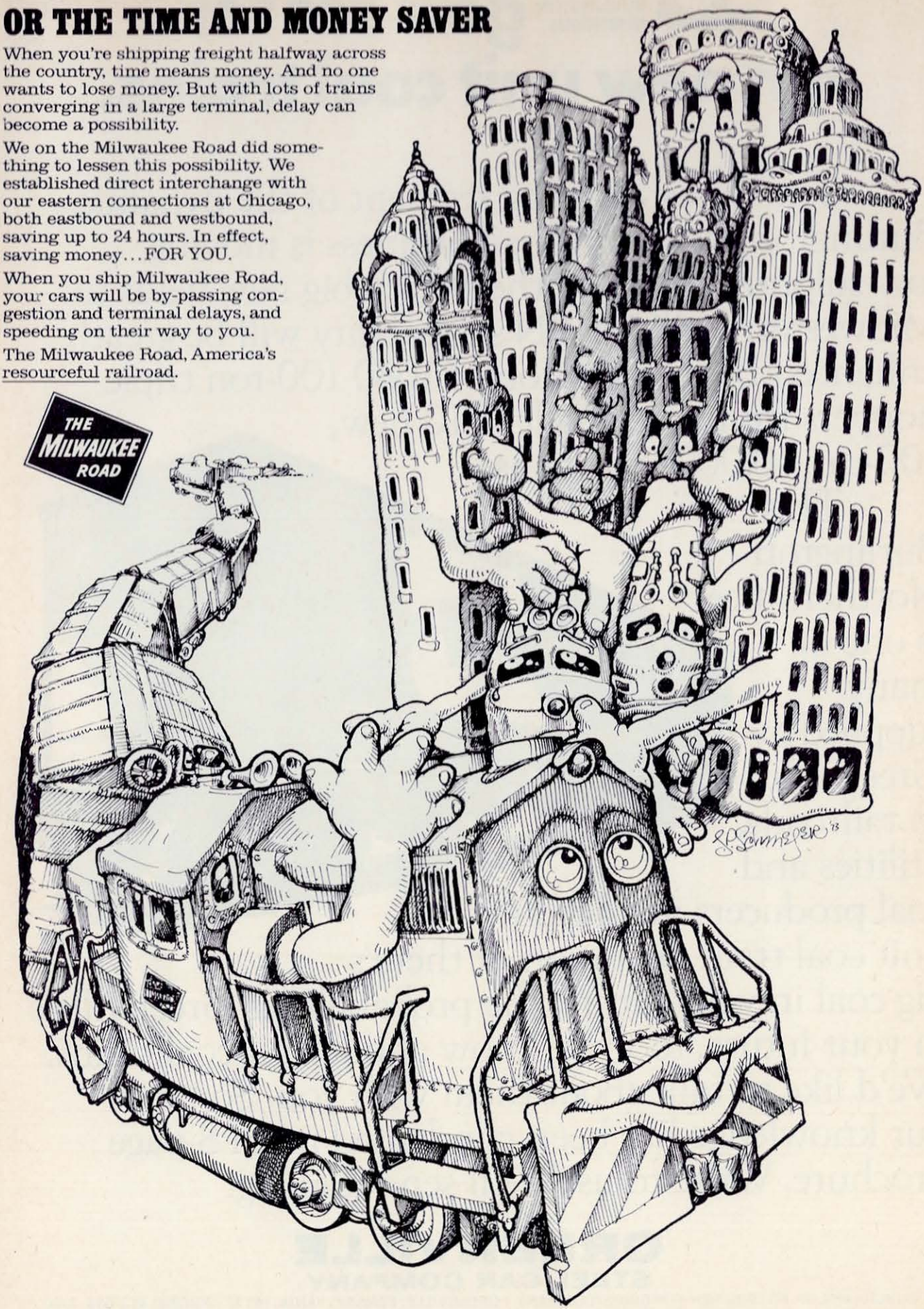
When you're shipping freight halfway across the country, time means money. And no one wants to lose money. But with lots of trains converging in a large terminal, delay can become a possibility.

We on the Milwaukee Road did something to lessen this possibility. We established direct interchange with our eastern connections at Chicago, both eastbound and westbound, saving up to 24 hours. In effect, saving money... FOR YOU.

When you ship Milwaukee Road, your cars will be by-passing congestion and terminal delays, and speeding on their way to you.

The Milwaukee Road, America's resourceful railroad.

THE MILWAUKEE ROAD



First we tell you we're a railroad.

We have over 25,000 miles of track in 19 states and 2 Canadian provinces. That means more through-trains are possible. Less switching. It helps us to deliver goods more efficiently and quicker.

Then we tell you we're a truck line.

We have a 17,000-mile truck system with 42 terminals in Midwest and Northwest cities. BNT is dedicated to continually updating equipment and facilities to serve you better.

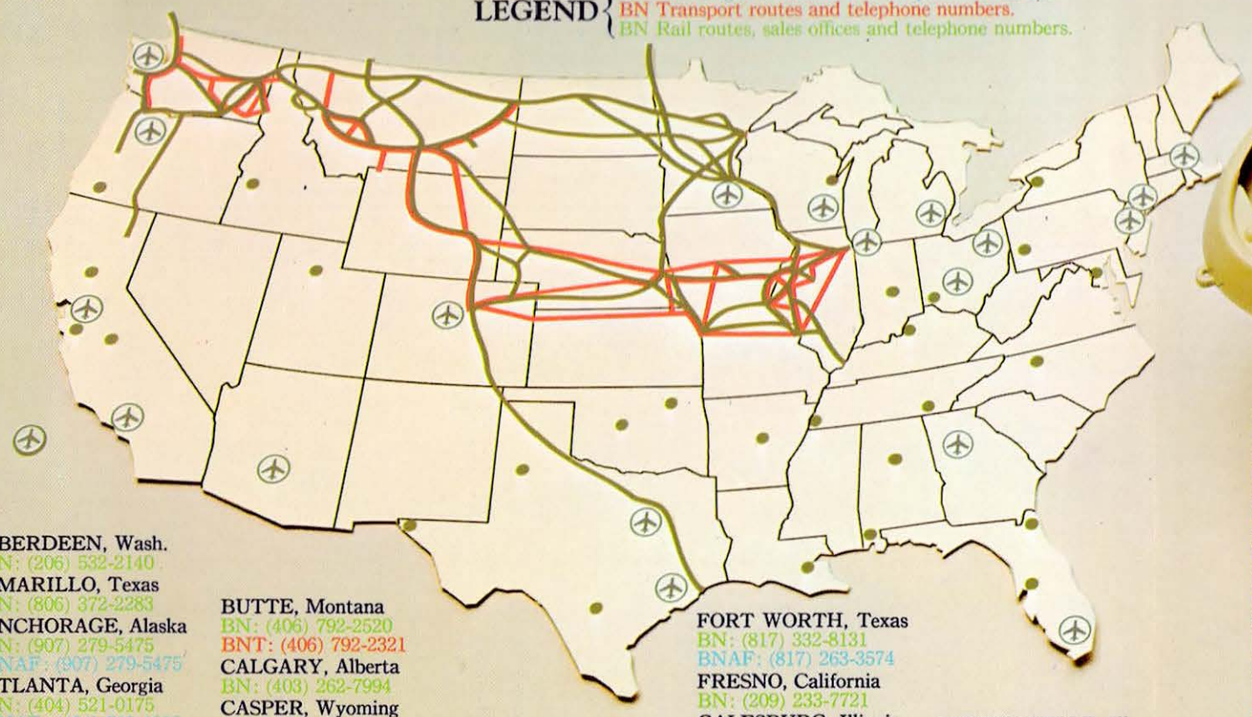
Now. Would you believe an air freight forwarder?

Take a look at the map. There are 20 blue planes. Each one represents a terminal from which you can ship by Burlington Northern Air Freight. Call the number of the city closest to you and your shipment can go to any of more than 200 U.S. airport-cities or virtually any point in the free world.

Our prices are competitive. Our service is more than competitive.

Burlington Northern operates a railroad, a truck line and an air freight forwarding service. Cheap, flexible or fast. We'll move it.

LEGEND { BN Air Freight terminals and telephone numbers. / BN Transport routes and telephone numbers. / BN Rail routes, sales offices and telephone numbers.



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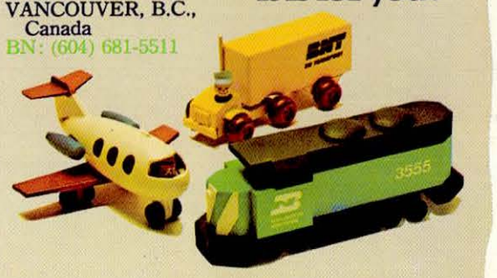


RPI Day, Nov. 8, 1973: It was one for the books

It was four years ago that the board of governors of the Railway Progress Institute picked Nov. 8 as the day, and Washington as the place, for RPI's 1973 annual meeting. The choice was an uncannily good one. Nov. 8 turned out to be, as RPI President Nils Lennartson later observed, "one for the books" insofar as railway legislation was concerned.

Lennartson gave an inkling of the events-to-come when, at the start of RPI's annual member meeting early in the day, he announced that the scheduled luncheon speaker, Rep. Harley O. Staggers (D.-W. Va.) would be unable to honor his commitment—"and for the happiest of reasons." Staggers, said Lennartson, would at that precise hour be starting to floor-manage H.R. 9142, the bill that would create a new Federal Rail Corp. and a Federal National Railway Association (Fannie Rae) to fund it. There were cheers from the audience, about 98% of whom seemed to be enthusiastically in favor of the bill (the exceptions being, mainly, gloomy-faced representatives of the U.S. Department of Transportation. DOT Secretary Claude Brinegar, the day before, had called the bill "damned expensive—unnecessarily so").

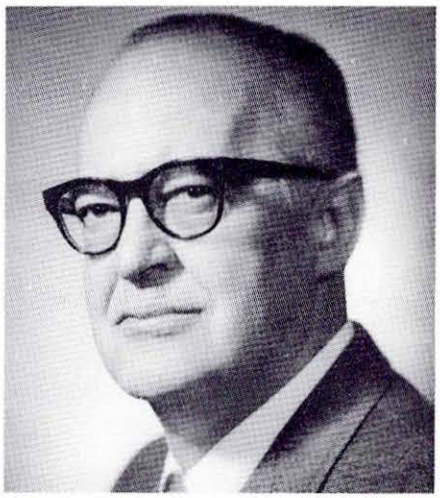
As the afternoon wore on, reports of the bill's progress filtered back to the Washington Hilton from Capitol Hill: Administration lobbyists were making last-ditch efforts to amend important provisions (relating principally to labor protection and to the question of mandatory vs voluntary takeover of the constituent lines of the new corporation). During an early-afternoon chief executives panel, a number of the questions put to Union Pacific's Frank E. Barnett, Milwaukee Road's William G. Quinn, Burlington Northern's Louis W. Menk and Boston & Maine's Paul W. Cherington were on the northeast crisis—and how it might, or might not be resolved.

UP Chairman Barnett took up and disposed of, to the apparent satisfaction of his listeners, the question of mandatory vs voluntary takeover: the trouble with the latter, he said, was that "it would take around 35 years of negotiations."

Cherington, who as president of one of the bankrupts could perhaps speak more feelingly than most on the subject, summed up H.R. 9142 in characteristically succinct, salty terms:

H.R. 9142 "is an abortion—but I am about four months pregnant."

—B&M President Paul Cherington



What this industry needs, more than anything else, is "to be de-ICC'd".

—UP Chairman Frank Barnett

"The bill is an abortion," conceded Cherington, "but I am about four months pregnant and Shoup and Adams are the only abortionists I know of in town." Rep. Dick Shoup (R.-Mont.) and Brock Adams (D.-Wash.) were the principal sponsors of H.R. 9142.

It was not the best of days for the Washington bureaucracy. Cherington referred icily to "the Department of non-Transportation" (a place where he used to work). And Barnett, when asked what single thing the railroad industry needed more than anything else, replied: "To be de-ICC'd."

While word was awaited from Capitol Hill, there was considerable bullish talk about the rest of the industry—the non-bankrupts. "This is a growth industry," Barnett observed two or three times. All of the chief-executive panelists described capital investment programs for 1974 that will be in excess of this year's spending.

It was around 6 p.m., at a time when 1,000 suppliers, railroad men and government officials were gathering for the reception which precedes RPI's annual banquet, that the word finally came down from Congress: H.R. 9142 had passed, virtually unchanged, by the overwhelming and seemingly veto-defying vote of 306 to 82.

There is, usually, no "after-dinner" speaker at RPI banquets—but this time something of an exception was made. Among a number of Senators and Congressmen present was Congressman Shoup. He mounted the podium to describe his satisfaction with that day's work in the House, his hopes for safe passage of the bill through the Senate, and his optimism for a signature at the White House. Shoup observed that the legislation was the result of the combined efforts of many in government and in transportation—but he had particular praise for the efforts of UP Chairman Barnett in helping to devise the Northeast plan, and the work of RPI President Lennartson in helping to bring together consensus support for the legislation.

In other business, the RPI elected a new chairman—Paul S. Settle, president of Railway Maintenance Corp., Pittsburgh, who succeeds Elwyn T. Ahnquist, president of Pullman-Standard Division of Pullman, Inc., Chicago—and a new vice chairman, C. Bruce Ward, president of the Marine & Rail Equipment Division of FMC Corp.

RPI also made its annual scholarship grants to winners of its Boy Scout essay competition. This year the essays were on the subject "Why and How Should We Avoid Government Takeover of the Railroads." A $1,500 scholarship went to David E. Schauer, 17, of Arlington, Minn.; a $1,000 scholarship to Brian A. Stephenson, 16, of Washington, D.C.; and a $750 scholarship to David J. Borror, 16, of Wauwatosa, Wis.

Watching Washington

R.M.M. McCONNELL

AMTRAK: WHY NIXON SIGNED

To poet T.S. Eliot, doing the right thing for the wrong reason was treasonous; to the rest of the world, doing the right thing for the wrong reason is politics. For example:

When the Amtrak Improvement Act of 1973 (S. 2016) went to President Nixon's desk for signature, he signed it. As a result, according to the President, Amtrak picked up "a $107 million increase in grant authority plus $300 million in new loan guarantees, thus assuring the corporation of continuity and flexibility in its operations at this important time in rail passenger development."

That's nice for Amtrak, for the railroads contracting service to Amtrak, and for the people who ride trains. But what is remarkable is that there was little in the President's message accompanying the signing to indicate that Amtrak's health or the convenience of passengers had much to do with winning the Presidential signature. In fact, President Nixon complained over one passenger convenience aspect of the bill—Section 11, freezing unprofitable routes in existence for another year—as well as the loss to the executive branch of one of the administration's favorite powers: budgetary control. In addition, Nixon signed the bill over the strong objections of Transportation Secretary Claude S. Brinegar, who had publicly advocated a Presidential veto.

With all of this against it, what did the bill have going for it? One thing it had was the most recent Arab-Israeli war, which led to a drastic cutback in Middle East petroleum shipments here and a consequent worsening of the energy crisis. Nixon took pains to point out that in terms of fuel consumption, rail travel is a lot more economical than air or highway transportation.

At the same time, the Amtrak legislation gave the President a chance to score some points with the environmentalists, who have been mightily offended by Presidential action easing air quality standards. This too is tied in with the energy crisis; allowing continued or increased use of "dirty" fuels takes the price pressure off all fuels, even if it does smudge up the sky a bit. By signing the Amtrak bill, Nixon could ease conservationist anger by pointing out that trains are a good deal ecologically and deserve all the support they can get.

THE NORTHEAST BILL: WILL HE OR WON'T HE?

The Administration has even greater reservations about the Northeast railroad bill (H.R. 9142), as approved by the House Nov. 8, than about the Amtrak bill. In signing the latter, the President seized the occasion to restate his objections to the former, asserting that his acceptance of the Amtrak legislation "in no way alters my position that Federal action to shore up the financial condition of our major Northeast and Midwest railroad freight lines must take the form of a private solution that would impose only a minimal and finite financial burden on the taxpayer. As I stated in my message to Congress on national legislative goals on September 10, I simply could not sign any legislation which purported to solve this problem through massive open-ended subsidies or through quasi-nationalization."

Whether Presidential politics would again transcend Presidential economics was still, at mid-month, an open question.

Norton Simon joins one-railroad chorus

On the day the House of Representatives gave its overwhelming approval to the Northeast railroad bill, H.R. 9142, Norton Simon, the well-known financier, philanthropist, patron of the arts and dissident railroad director (Burlington Northern), was trying to organize a counter movement in New York. Simon called a public meeting at the Waldorf-Astoria Hotel, which was well attended by the public and amply reported by the press, to label the Northeast bill "an outrage" and to call, instead, for creation of "a single national railroad system that would encompass all of the nation's present independently operated systems."

"Such a system would be owned by public shareholders and operated within the free enterprise framework," said Simon. "It would be similar in structure and operation to the American Telephone and Telegraph Co. It would provide a framework for establishing the priorities so essential to improvement of our rail services."

Castigating the railroad industry for "phoney accounting and inept financial practices," Simon asserted that many railroads were being deliberately permitted to deteriorate. He warned: "The Penn Central collapse and so-called temporary bailout could be repeated elsewhere again and again, at the expense of taxpayers."

Simon accused railroad management of being too eager to invest time, talent and money in non-railroad businesses from "soft drinks to wineries."

While he said that his single-railroad proposal was probably the only way to avoid nationalization of the industry, Simon also said that "whatever solution you choose will have to have a tax subsidy."

ICC wins ruling on fast abandonments

Proposed ICC rules for simplifying and expediting railroad abandonments have been upheld by the Supreme Court. The Court's Nov. 12 order found that the Commission was acting within the limits of its authority, and did not exceed the bounds of the Administrative Procedure Act, in establishing its new abandonment policy. That policy holds that, unless substantial opposing evidence is offered within 20 days, an abandonment should be permitted for any line which carried fewer than 34 carloads per mile during the year preceding the petition (RA, Feb. 14, 1972, p. 8).

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Railroads facing a shortage problem

Railroads face acute shortages of supplies ranging from diesel fuel to paper, says Harold M. Hoffmeister, Missouri Pacific System vice president-purchases and materials distribution.

"The shortage problem is hardly confined to the railroad industry," he adds, "so perhaps we should not be complaining when so many companies face the same problem. However, our lack of necessary supplies and materials could have a far-ranging effect upon the entire national economy if we were forced to reduce service because of shortages. Railroads, which still remain the nation's primary means of freight transportation, are essential to many other industries which depend on us for delivery of raw materials and for distribution of finished products. Ironically, we are major haulers of fuel oil and other petroleum products, yet have difficulty obtaining the fuel to haul them."

Diesel fuel is the most critical problem the MP officer stressed. "We use nearly 200 million gallons a year to run our locomotives. Not only is fuel in short supply but it is also expensive. Our average price for domestic fuel has risen approximately 50% in the past year. Import fuel is approaching in price the cost of automotive gasoline. Thus far we have not had to curtail any train operations because of the fuel situation, and we have been able to maintain about a 40-day reserve supply of fuel in our own tanks. But that fairly favorable situation could change rapidly if the nation experiences a severe winter accompanied by a rising demand for home-heating fuel and if even more severe limitations are put on what is even now an inadequate supply."

MoPac also faces shortages of dozens of other items. Among them, according to Hoffmeister, are lumber and plywood for freight car interiors, diesel fuel filters, many steel parts used in freight-car repair, diesel locomotive parts, air-brake hose, rail and freight-car wheels.

"I can only see the over-all situation worsening," Hoffmeister continues. "Right now the only solution that seems feasible is a return to the World War II priority system on strategic materials. I would have to say that railroads should be among the industries with high priority status...If a train powered by a diesel locomotive hauls twice as much freight with half the consumption of energy that would be required by trucks, then it seems only logical that priority for fuel would have to go to the most efficient mode, the railroad...It would also seem logical and in the public interest that everything possible be done to help us keep on running."

Lines on Labor

GUS WELTY

CAPITAL? LABOR?

Some people say that railroads are too much capital-intensive, and that's bad. Some people say that railroads are too much labor-intensive, and that's bad. Some people say that railroads are both, and that's double-bad. Where is the truth? As usual, somewhere between the extremes. In their own way, railroads are probably both capital- and labor-intensive. And, in a way few industries can match, railroads have managed to capture the worst of both possible worlds. Despite what a national news magazine said recently (assuming you had the Time to read it) railroads are investing a lot of capital funds—but some of that investment almost surely is going for wrong things. Despite a growing detente between management and labor, some of the industry's manpower just as surely goes for wrong things. The upshot is that quite a bit—money-power and manpower—goes for wrong things.

MANAGEMENT SPENDS, LABOR PROTECTS

That's not really a copout. On the one hand, there's management—desperately trying to boost railroad profitability and using the standard route, which is to increase revenues, cut costs. Technology, in equipment and plant, is something that can both jack up revenue and pare down costs. So management invests, and it costs a lot—$2 billion this year, 10% more in '74. On the other hand, there's rail labor—just as desperately trying to protect its people and preserve its position (or, perhaps, "their positions," since 15-or-so unions seem to speak with one voice about as often as 61 Class I railroads do). So railroads wind up with a capital-intensive reputation and a labor-intensive reputation—and there it is, an industry where nobody's winning.

CHANGE WILL COME—AND LABOR CAN HELP

If the estimates are right—and indications are today that they are—railroads next year will be spending a lot more than figures would normally seem to justify on capital improvements. This is perhaps partly due to the fact that equipment is easy to finance—expensive, at today's rates, but still relatively easy. It's also partly due to the fact that at this point, about all the "leverage" railroads have in getting profitable new or additional business lies in the area of more and better hardware.

Why not more of what might be called leverage? One reason, of course, is the ICC (and, sometime, wonder what might happen, if the ICC had some real kind of mandate about return on investment of the industry it tries to regulate). Another reason is rail labor—not so much, really, the men at the top today, but rather the system they and the men at the top of today's railroads inherited. So far as labor is concerned, put it another way: If the industry were starting new, nobody would sign, nobody on either side, the agreements that both management and labor have to live with today.

What ought to be happening? There's no way, in such limited space, to talk about the ICC. But a few words might be useful in talking about what rail labor might be doing. Rail labor might be looking at what's outmoded, what's costing jobs, instead of creating or even maintaining them. Rail labor *might* be looking? Rail labor *is* looking.

And in that, there's real hope for progress.

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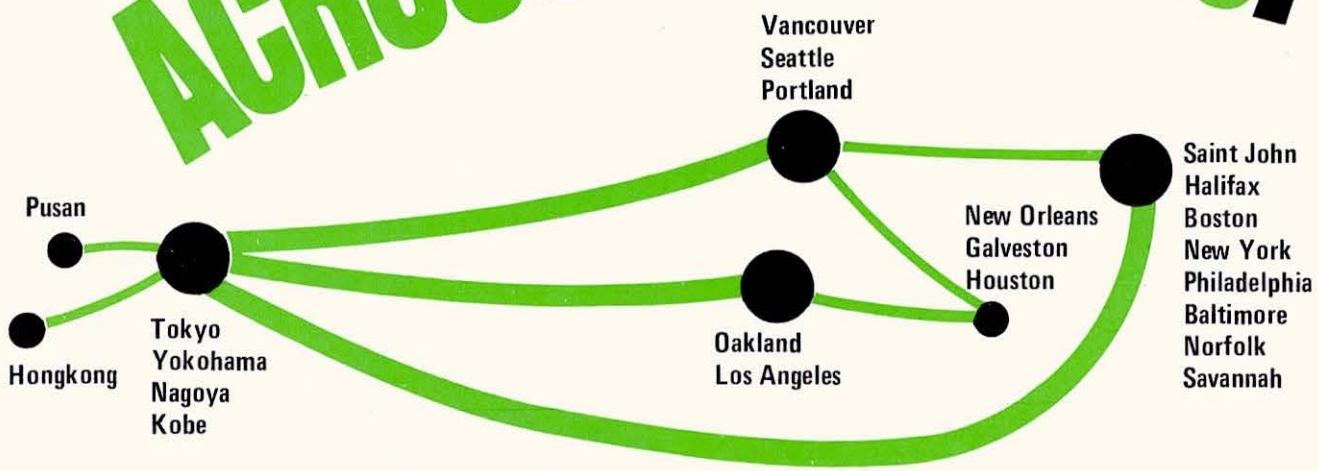

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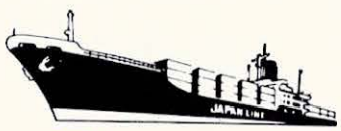

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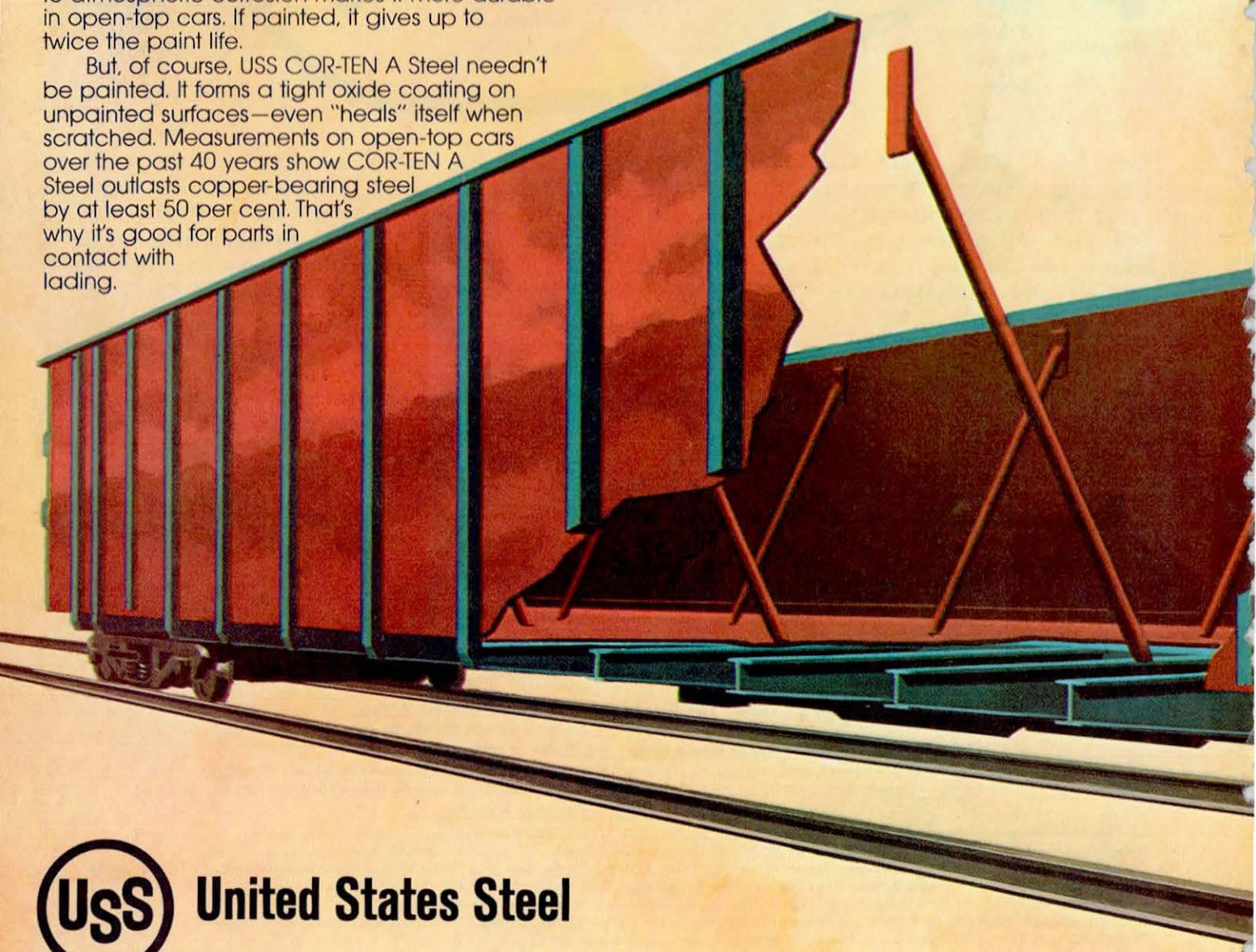

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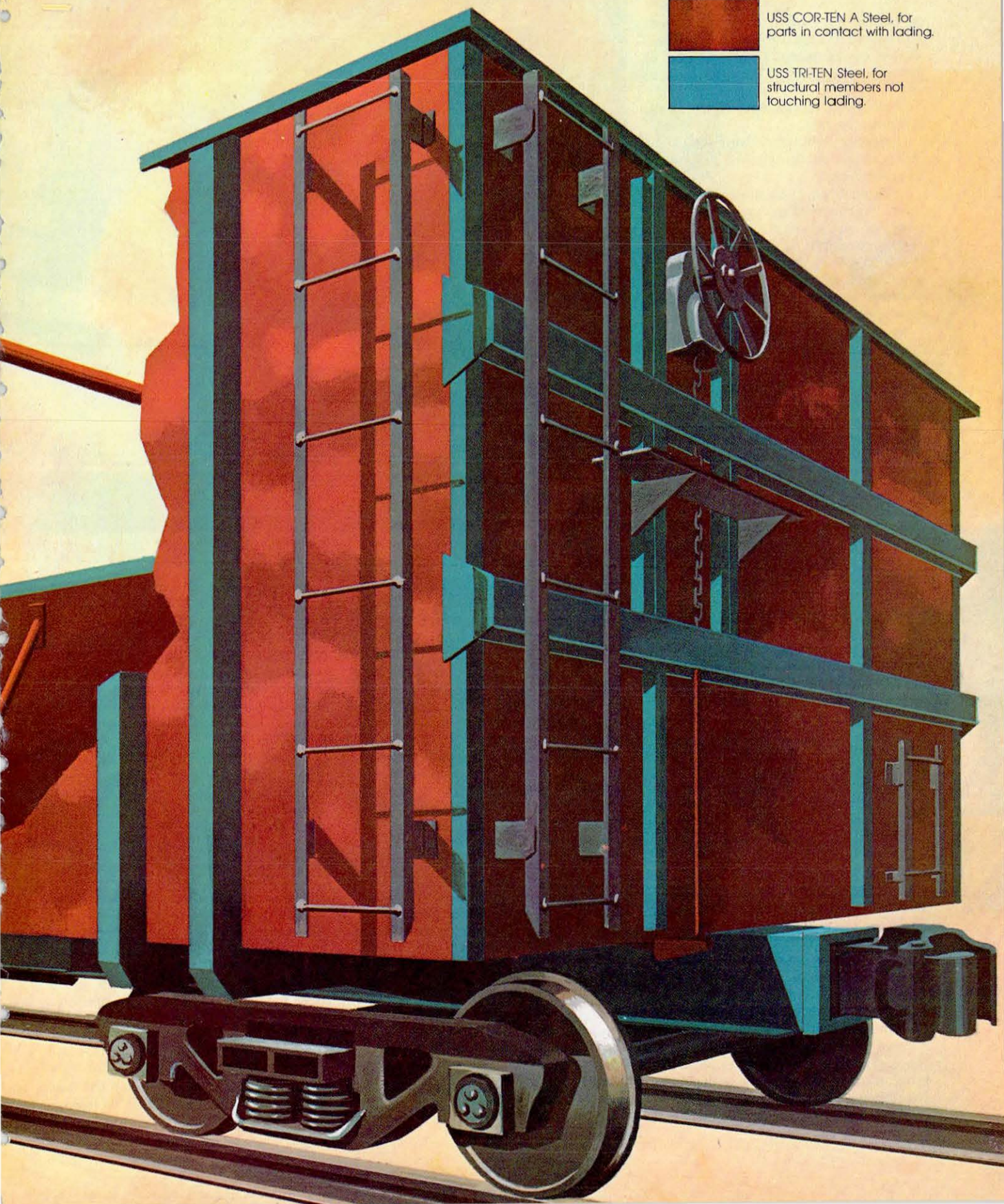
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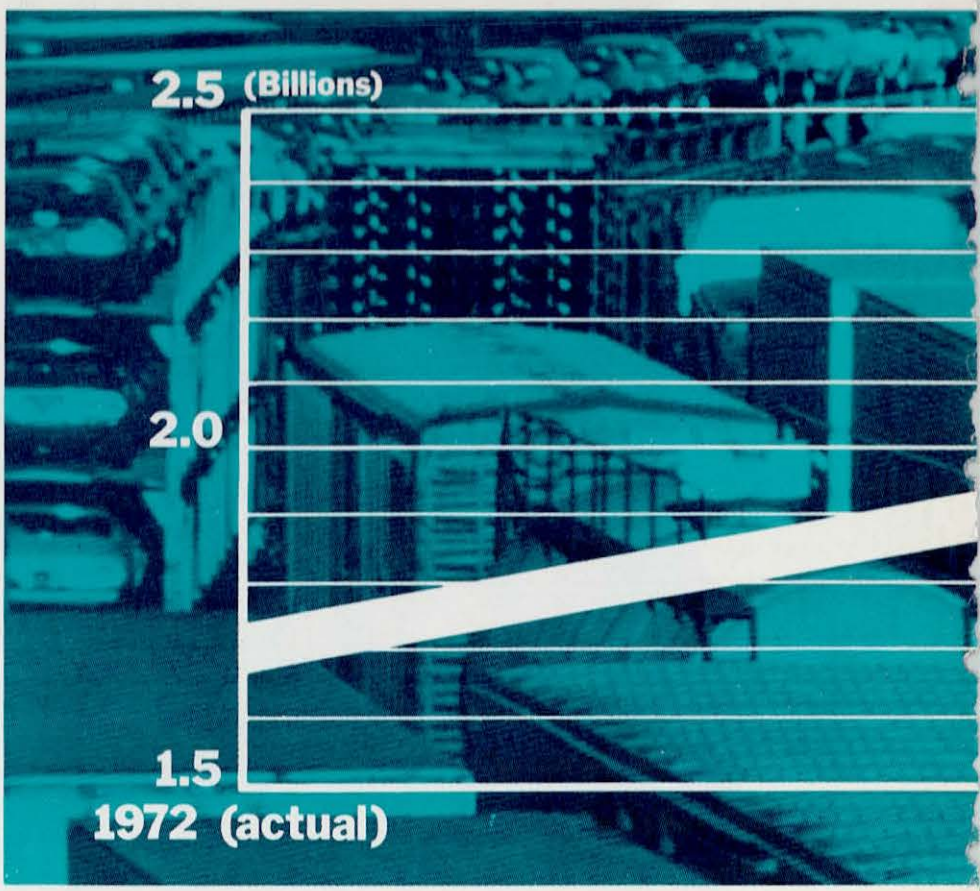
Capital spending: Budgets will

By GUS WELTY, Senior Editor



Like promises, budgets are made to be broken—or at least revised. But from all current indications, railroad and rail-related capital budgets for 1974 look to be reasonably firm. They also look to be:

—Of a size, in absolute dollar terms, not recently seen.

—Heavily equipment-oriented, but also stronger in the area of fixed-plant improvements.

—Based both upon present need and upon traffic-increase projections for next year and beyond.

—A good sign, if one is needed, that the industry is continuing to pull out just about all the stops in trying the self-help route to improved transport capability.

Obviously, the budgeting process for '74 is not completed. Even those expenditure plans already announced are somewhat subject to change, and more than a few roads are still working to blend the needs with the desires with the financial capabilities. But a projection indicates that total capital spending in 1974 may be about $2.2 billion, including expenditures by railroads and by others providing rail equipment. That would be a substantial increase over the estimated $2 billion spent this year, and about a half-billion jump from spending levels of 1972.

● **How's the market?** There are problems and maybe even dangers, of course, in getting too precise about dollar figures in any given year, because the picture can be quite easily distorted by the order/delivery time-lag and by year-to-year overlapping of programs. Probably the best gauge of what's happening and what's likely to happen is the relative strength of the market itself—and right now, believe it, the market is strong.

When there's talk of accepting orders for 1975 delivery, when a salesman's complaint is that his company can't make the stuff as fast as he can sell it, believe it, the market is strong.

Consider, for example, the freight-car situation. Through the first nine months of 1973, a few more than 41,500 cars were installed. Indications are that the figure on deliveries for the full year will be around 55,000. But, the first nine months also saw orders being placed for more than 71,500 cars. The backlog of cars on order and undelivered as of Oct. 1 stood at more than 50,000 units—and the carbuilding industry is expected to move into 1974 with a year-beginning backlog of plus-or-minus 50,000.

With car orders for 1973 estimated at 80,000 units, railroads and others acquiring freight cars have been ordering at an annual rate of something over $1.4 billion for cars alone, figuring $18,000 as an average per car. On a delivery basis, figuring from the time the equipment actually goes into the investment account and using 55,000 cars as the '73 total, the expenditure comes to approximately $990 million.

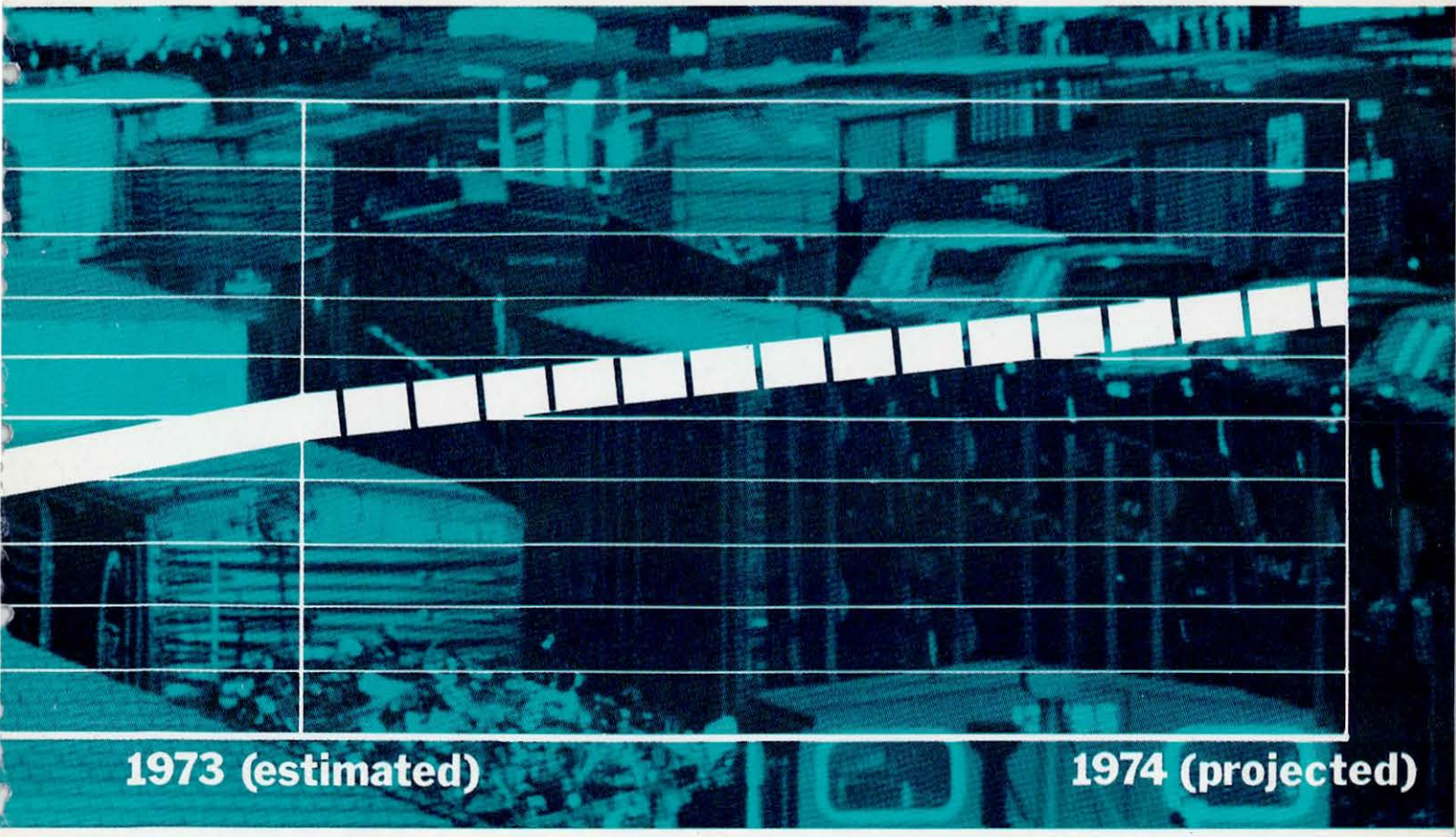
As for 1974, the present backlog almost guarantees that more cars—perhaps many more cars—will be installed in '74 than in '73. Orders could well tail off somewhat, especially if freight traffic fails to show continuing gains.

There's some question, too, about just how many cars the carbuilding industry can build—and the commercial builders are the key, since they've been getting about 95% of the new-car orders this year. By one estimate, the builders could turn out as many as 90,000 cars a year. By a couple of other estimates, however, the industry is even now working pretty close to maximum capability, without making substantial changes in operations with all that might be involved in terms of getting materials and skilled manpower to support expansion.

● **Stable situation, but. . .** On the motive-power side, the situation is perhaps a bit more stable. Through the first nine months of '73, installations added up to a few more than 1,200, and the full year will see 1,400 to 1,500 new units. In unit terms, that kind of pace should continue into '74—especially with the growing popularity of units in the 2,000-to-3,000-hp range and a continuing need for replacement yard power.

Where the motive-power situation gets unstable, however, is in the cloudy area of fuel avalability and price. With its decision to install two short test sections of catenary, Union Pacific becomes the first U.S. road to do anything more than paperwork on electrification. But, Railway Age's electrification survey of last summer (RA, June 25, p. 28) pointed clearly to a building-up of interest in straight-electric power—and as the diesel-fuel supply/price situation has gotten worse, it's a safe bet that those electrification studies are being looked at more and more carefully. Meanwhile, General Electric has been staying in practice and honing its capabilities by building straight-electrics for a few specialized carriers and for Amtrak. And GM's Electro-Motive Division has said it will build a pair of highly-advanced electric prototype units,

be bigger in '74



though EMD has not yet said when those units will be ready for a look.

● **Plant spending up.** In the third major element of capital spending, roadway and structures, there's also a bit of fuzziness. Expenditures last year were less than $370 million. An initial estimate for '73 pegged spending at $550 million, but that was later scaled down to a round $500 million. Present indications are that the 1974 total will be no less than a half-billion, and it could be more. One factor is the relatively high level of activity in yard construction which will continue through next year with, for example, Burlington Northern continuing work on Northtown Yard at Minneapolis and with Seaboard Coast Line and Louisville & Nashville getting under way on major projects (totaling almost $55 million) at Waycross, Ga., and at Louisville. At least one other major class yard project also could be announced next year or earlier.

In terms of capital spending by individual roads, it looks at this point as if most major carriers will show 1974 expenditures (1) higher than '73, or (2) about the same as '73, or (3) only slightly less than '73. A few of the big roads won't have their planning completed and approved until closer to year-end. But this is the way things seem to be shaping up:

—The biggest equipment program announced thus far is Southern Pacific's—$165 million for 6,157 freight cars and 116 locomotives. This compares with 1973's $122 million for 4,464 cars and 87 locomotives. (SP's record high year for equipment was 1972, when $195 million was spent for 6,534 cars and 227 locomotives.)

—The next biggest '74 program announced thus far is Union Pacific's, about $107 million for 100 locomotives and 3,400 freight cars.

—Not far behind is Santa Fe, at $90 million for 54 new locomotives and more than 1,800 freight cars and the rebuilding of 110 locomotives.

—Missouri Pacific is in with the largest single equipment order in its history, $75 million for 60 locomotives and more than 2,500 cars.

—The total Seaboard Coast Line/Louisville & Nashville "family" capital program will add up to $220 million in '74. That compares with actual expenditures of $161.5 million this year.

—Southern figures 1973 spending at about $160 million, and the indications are that the '74 total will be as high.

—Norfolk & Western will spend $82.4 million this year, and the expectation is that next year's total will be higher, with an added emphasis on fixed-plant improvements.

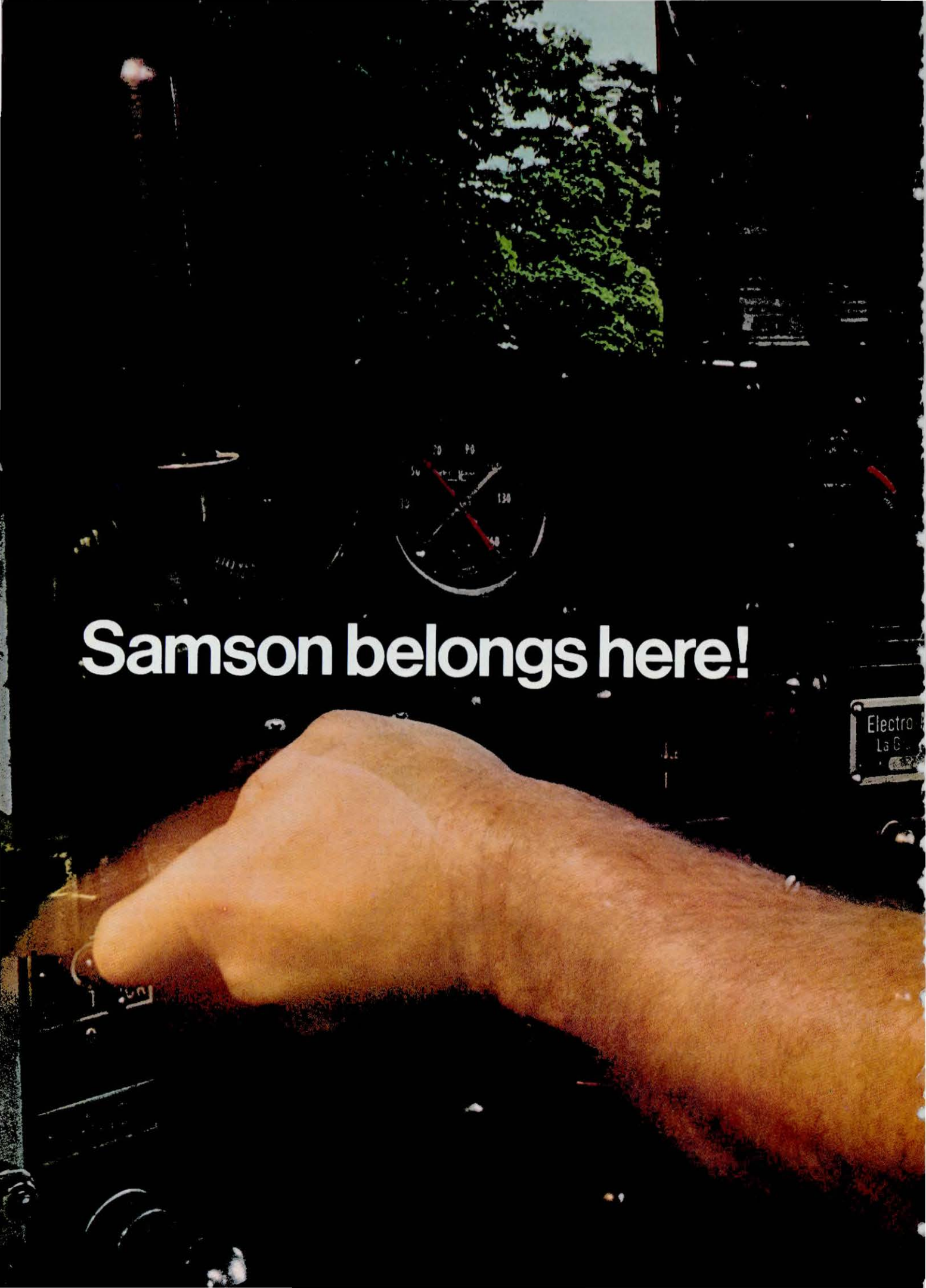
—Proposed programs at Burlington Northern look toward expenditures of about $190 million, including $106 million for equipment and more than $51 million for fixed-plant.

—Chessie's planned 1974 investment will total $47 million, of which $35 million will go for equipment and $12 million for roadway. This year's total was $38 million—$25 million for equipment and $13 million for roadway.

—Milwaukee Road, one of the carriers that might qualify as hard-pressed, was in initially for a $37.5-million equipment program, covering 46 locomotives and almost 800 cars and a locomotive/car rebuild program. By comparison, Milwaukee went into 1973 with a $26.5-million program, which was later boosted to $35.5 million by an order for covered hopper cars. Milwaukee's over-all '74 proposal now totals about $55 million, including fixed-plant programs and additional rolling stock.

—Frisco will be spending more, with an equipment program that adds up to

(Continued on page 26)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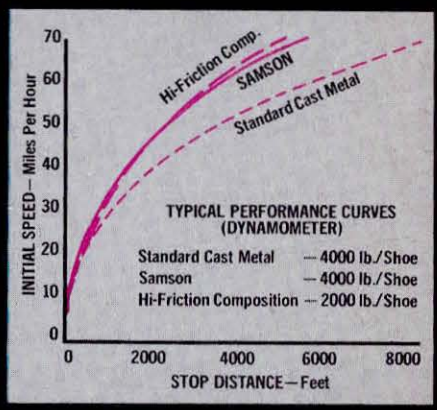

This chart shows how braking performance can be up-graded on mixed-consist trains by replacing standard metal shoes with Samson Shoes.

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Two big questions facing suppliers: How long will the boom last? Is expansion of facilities justified?

about $34.5 million for 25 locomotives, 1,235 cars, auto-carrying equipment and a rebuild program. Frisco's rail, bridge and M/W equipment-acquisition programs will also be stepped up.

—Chicago & North Western is in for a 50-locomotive program, at a cost of more than $18 million, and it's expected that a freight-car order of substantial proportions will also be coming along.

—Two early-birds, roads that announced '74 programs last summer, will add more than $25 million to the equipment total. Rio Grande will lay out $14 million for 572 cars, Soo Line budgeted $11.3 million for eight locomotives and 415 cars.

—Not to be overlooked is Amtrak, which will spend $24 million for 57 Metroliner-type cars and which has embarked on a locomotive program that now totals 26 straight-electric and 150 diesel-electric units. Next up will be an order for 100 locomotive-hauled passenger cars.

—Not much can be said, at this point, about the Northeast, except perhaps that Boston & Maine will be getting 12 locomotives next year (as it did this year) and will have a car-leasing program in the neighborhood of $16 million. As for Penn Central, its 1973 road capital expenditures amounted to $20 million, it took delivery on leased equipment valued at $71 million, and it's in a holding pattern on 1974 plans pending action in Congress on Northeast legislation. In that context, the legislation rated most-likely-to includes provision for $500 million in capital expenditures. At the same time, though, it would probably take up to 18 months to get a Northeast corporation going, and funds would almost certainly have to be provided somehow for the interim period. Then, too, the Administration will have its broader railroad program which might go to $2 billion in loan guarantees for industry (not just Northeast) equipment and plant improvements.

● **Boomtime worries.** With the railway market—especially the equipment market—in the shape it's in, worry would seem to be out of place. But it isn't.

On the railroad side, there is skepticism about the economy and about next year's traffic levels. Housing looks weak. There's serious question as to whether the automobile industry can match this year's performance. Opinions are divided on the strength of the '74 export grain market. At the same time, a rational approach to the energy crisis should provide a market for all the coal that can be mined and moved. And recognition that a train is more fuel-economical than a fleet of trucks should keep TOFC/COFC heading upward.

On the supplier side, there seems to be fairly general agreement that the boom has not ended and that its momentum may in fact still be building. Some companies are booked through 1974, in all or major parts of their production facilities. But materials-supply is as much a problem to suppliers as fuel supply is to railroads. Steel is short, and so is lumber. Wheels are short, as are various other car components. Builders are looking overseas, and, as one put it, "Damn the expense." Certainly, supply-industry capacity could be increased, with a substantial capital investment on the part of the suppliers. Their question: Should we? Too many suppliers remember the mid-1960s. In a four-year period then, about 320,000 new freight cars were delivered. Existing suppliers expanded. New companies came charging into the market. A lot of money was spent. And a fair amount was subsequently lost, when the car market fell apart.

Suppliers also may have fears regarding change in operating practices. It's a not-uncommon thing: The industry or a railroad will come up with something new—TRAIN or aci or a new computer system, for example—and somebody will say that "This is equivalent to a 10% increase in the car fleet," or "With this, we're going to improve car utilization by 10%." Suppliers read, too—and when they read things like those, their inevitable conclusion is that the market's heading for a tailspin. It's fairly obvious that, in a growing transportation market, more equipment will be needed. It's fairly obvious, too, that some innovations related to operations have been viewed through too-rosy glasses. Still, the supply industry is concerned. Once burned. . .and so forth.

There is one thing, however, that suppliers apparently don't have to worry about, and that's competition from the railroad industry itself. In a boom period for carbuilding in the mid-1950s, commercial builders had just 54% of the market. In the mid-1960s boom they had 73%. In the 1973 boom, they've been getting 95%, as the railroad industry's carbuilding capacity has gone the way of its once-great locomotive-building capability. Not everybody approves. As one purchasing officer growls. "How are we going to keep 'em honest?" But for the most part, the industry has accepted the premise that transportation is a railroad's thing and manufacturing is somebody else's.

● **The big picture. . .** In the broad context for 1974—considering railroad improvement planning in the light of what else is happening in the economy—the big worry for everybody has to be inflation, its rate and its continuing effects.

Some economists, at this point, are still taking the gloomy outlook, forecasting a recession of significant proportions. More popular, however, are predictions that while the economic growth-rate will tail off, the rate of inflation will drop substantially and there will not be what could be termed a recession.

There's a certain amount of confidence, in short, born of such factors as a continuing upturn in exports, continued inventory investment, still-rising spending for industrial equipment and plant.

Still, weakness in key industrial areas can't be ignored. One economic-outlook survey, for example, looks for housing starts to drop by as much as 30% in first-quarter 1974—in large part because less money has been flowing into lending institutions and mortgage money has become less and less available. This survey, by First National City Bank, notes that the government's housing goals for the current fiscal year call for 2.9 million housing starts and mobile homes—but that the building industry will be lucky if it can count 2.5 million starts, including more than 650,000 mobile homes.

Somewhat more optimistic—at least for the long range—is Citibank's forecast for the automobile industry. But, yet to be measured fully is the impact of the small car—in terms of such things as unit sales, profitability to the manufacturers, relationship to the energy crisis, and ability to combat what has been a still-strong trend toward car imports.

● **Up, down or even?** These economic factors and others will obviously have to be cranked into railroad projections for '74—and the outlook right now is chancy.

For one thing, the record of 1973 shows an industry which has been doing more and enjoying it less: Traffic has been up, operating revenues have been up sharply—but the bottom line is not reflecting those gains, largely because of soaring labor and materials costs and, no small item, the huge jump in fuel costs.

As of Jan. 1, a 4% wage increase comes due—and that, coupled with rising fuel/materials costs will without any doubt whatsoever send the industry to the Interstate Commerce Commission for rate relief. What the ICC will do remains in doubt—but the record of recent years indicates that it would be a break with tradition for the Commission to eventually get around to granting

FIXED-PLANT improvements, railroads say, will continue to take proportionately more of the investment dollar in '74.

increases of the size needed to offset expense increases.

In the face of this, however, the industry has obviously still found both the will and the ways to keep improvement programs moving at a decent pace.

It was true that capital expenditures for first-half 1973 (not including commitments for leased equipment) were down by about 8% from first-half 1972 levels. But the expenditures, totaling $633 million, were still about $170 million above cash flow for the period. And the experts were sticking by their estimate of $1.4 billion for the year for the railroads themselves. To this would be added expenditures by lessors and private car companies, in the range of $600 million.

● **Changing patterns?** For the long range, however, there are certain factors which may run counter to the trends toward increasing investments in equipment—at least as regards the types and kinds of equipment in service today.

One such factor involves the directions of current research efforts—specifically those efforts aimed at exploring the whole area of track/train dynamics.

Another factor could well be a change in the approach to equipment decision-making by individual roads. Challenges to the quality of decision-making aren't really new. They've been made by financial officers and others, and most recently they were made by a traffic man, Illinois Central Gulf's Paul H. Reistrup, senior vice president-traffic. In comments at a Railway Systems and Management Association seminar on marketing, Reistrup observed that railroads may indeed have been "spending too much on equipment in the past 20 years. Railroads spend millions of dollars annually on equipment—and I'm afraid that some of these millions are spent without adequate strategic analysis. Equipment is rather easily financed, and such ease of purchase, in a sense, postpones problems. But, those problems will have to be dealt with."

What problems? The kind that surface "when a marketing man starts thinking about the commercial contribution and operating results of the equipment he helps to buy. Or when a mechanical officer alert to the operating and commercial consequences of the present rail product starts thinking about the long-term economic meaning of the cars his road is buying. Or when an engineering officer begins to wonder why unit trains seem to be harder on track and bridges. Problems? They multiply as you begin thinking about the marketing and strategic considerations that directly and indirectly affect the orders placed for freight cars nowadays."

Reistrup's conclusion: "Railroads are going to be doing more planning and analysis in the future. The fallout of such work will impact industry decisions to buy equipment. Carriers are larger, both because of absolute business and because mergers are creating larger organizations. Too, railroads are upgrading their managerial capability. We may soon be able to realistically know what we have heretofore attempted to guess about the financial impact of our equipment commitments. Railroads cannot and will not buy equipment on faith anymore. The reward for inept investment is painful erosion of assets. So, there will be answers to old questions. There will be new questions. And our new insights will enable us to measure profitability for every specific and general equipment decision in time to come."

At the same time, there could be a shift—for any of various reasons—in spending patterns as between equipment and plant. Since World War II, spending has been heavily oriented to equipment—and it shows. Plant improvement has lagged, as railroads poured more and more money into revenue-producing equipment. Now, however, estimates for 1973 and projections for '74 do indicate increases in absolute terms in roadway-and-structures investment. Why? Perhaps it could be summed up as it was by John P. Fishwick, president and chief executive officer of Norfolk & Western: "We feel that substantial opportunities for improving our operating cost lie in road improvements, and we are trying to do as many of those as we can. We can get a better fix on our return-on-investment there than we can in buying freight cars."

Despite the soul searching about equipment decisions and despite possible growth in plant spending, however, 1974—and a good many years after '74—should find equipment suppliers living in what, for the railroad industry, might be called a seller's market. All the projections of transportation demand indicate a need for increased capacity in the railroad industry. And, while some of that increased capacity will come through development of better operating methods, a good part of it will still have to be satisfied through net additions to rolling stock. That could give suppliers something they haven't seen for years: sustained growth—leading, hopefully, to the 100,000-new-cars-a-year that is the industry's stated goal. ■

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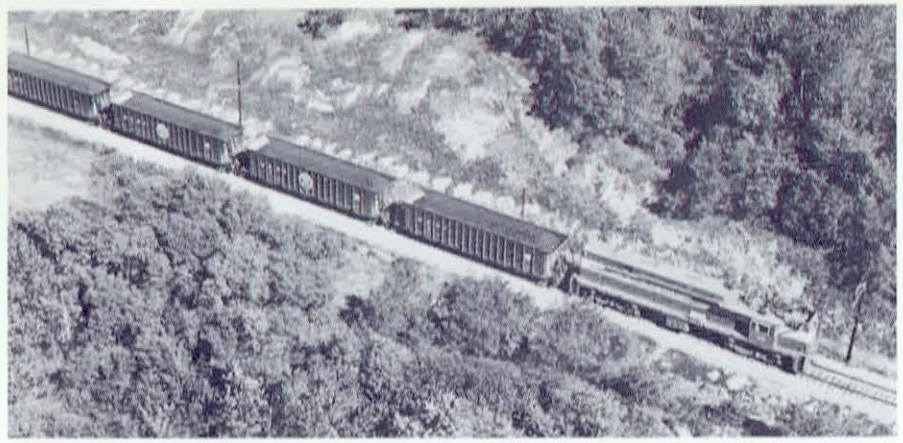


HOPPER CARS of 100-ton capacity operated by AEP's Muskingum Electric Railroad are estimated to get 50 times the normal wear for such equipment as they are unloaded several times daily. New AEP unit-train cars will be unloaded far less frequently.

AEP move accents coal's comeback

"Coals to Newcastle" was about the only way to describe the step taken early this month when American Electric Power Service Corp. announced that it was acquiring 1,500 100-ton hopper cars and a fleet of towboats and barges. AEP's utility subsidiaries serve the very heart of the western Virginia, eastern Kentucky and southern Ohio coal fields and AEP Board Chairman Donald C. Cook explained that his firm was going to be meeting a large portion of its growing fuel demands with low-sulfur coal from the Far West.

AEP will be spending over $80 million for transportation equipment, with over $20 million of that for the 1,000 hopper cars to be built by Bethlehem Steel and 500 that are to be constructed by Greenville Steel Car. Between 1974 and 1977, 14 towboats and 240 barges will also be acquired. All this equipment will be operated to deliver large amounts of coal to existing and future power plants in the Ohio Valley.

"If we are to carry out our obligations to our customers to meet their growing requirements for electric energy, we must continue to construct new generating plants," Cook said. "They can only be coal-fired stations because other fuels are not available and the construction of nuclear plants and the development of hydroelectric facilities face interminable delays.

"If we are to operate the coal-fire plants after they are built, we must have an adequate, reliable supply of fuel to burn in their boilers. And, if we are to meet all the environmental regulations involved in the use of coal, a large portion of this fuel will have to be low-sulfur coal from the Far West."

● **Some all-rail.** Cook explained that AEP's supply of Western coal, now under contract or being negotiated, would arrive at its power plants by railroad or a combination of rail and barge. "To be absolutely certain that our fuel will arrive where, when and in the amounts needed," he concluded, "we are taking these steps to acquire our own floating and rolling stock to supplement the existing commercial transportation facilities." The fleet of hopper cars, he added, will be used primarily in unit trains.

Probably AEP's most publicized involvement in rail haulage to date was the construction of the Muskingum Electric Railroad in southeastern Ohio in the late 1960s. Serving the coal mining subsidiary of AEP's affiliated Ohio Power Company, this 15-mile automated line was the Western Hemisphere's first 25,000-volt alternating-current electrification at commercial frequency. It has served as a sort of test tube for the transmission and traction systems which would be utilized in the electrification of North American mainlines which are now under study. Currently another utility-owned private coal hauling line is getting ready for service in northern Arizona. A more recently developed 50,000-volt, commercial frequency AC system is used on this 78-mile line, the Black Mesa & Lake Powell (RA, June 25, p. 38).

AEP does not plan to acquire any motive power for the operation of its long-haul unit trains from Wyoming and Utah to the eastern Midwest.

The sudden interest of utilities in coal, particularly on the part of those which have never used this fuel, is providing railroads with inquiries about routes and rates that would have been difficult to conceive only a relatively short time ago. The impact of restrictions resulting from Arab oil embargoes is also finding many East Coast utilities looking at a resumption of coal burning. This could put severe strains on hard-pressed Northeastern railroads, several of which were hastened into bankruptcy with the cessation of all utility coal hauls over the past decade. "They are really catching us with our hopper-car fleets down," observed one railroader. The Federal Power Commission has estimated that 44% of the former coal-burning plants which have converted to oil have retained their own coal handling equipment that could be restored to service.

● **New users.** Elsewhere, it is another story. Power plants in southern Georgia and Florida are suddenly showing an interest in burning coal and these are plants which have never used this fuel. A southern Mississippi utility, another which has never burned coal, has taken options on Kentucky coal lands. At the moment, there are apparently no Southeastern utilities interested in the Western coal. They feel that the sources are too remote.

There are other problems. It can take special equipment to burn some of the low-volatile, high-moisture coal that comes from the West in furnaces designed for high-volatile eastern coals. One solution to this problem is to de-rate the plant to restrict its kilowatt-hour output so that it can combust the new fuel efficiently.

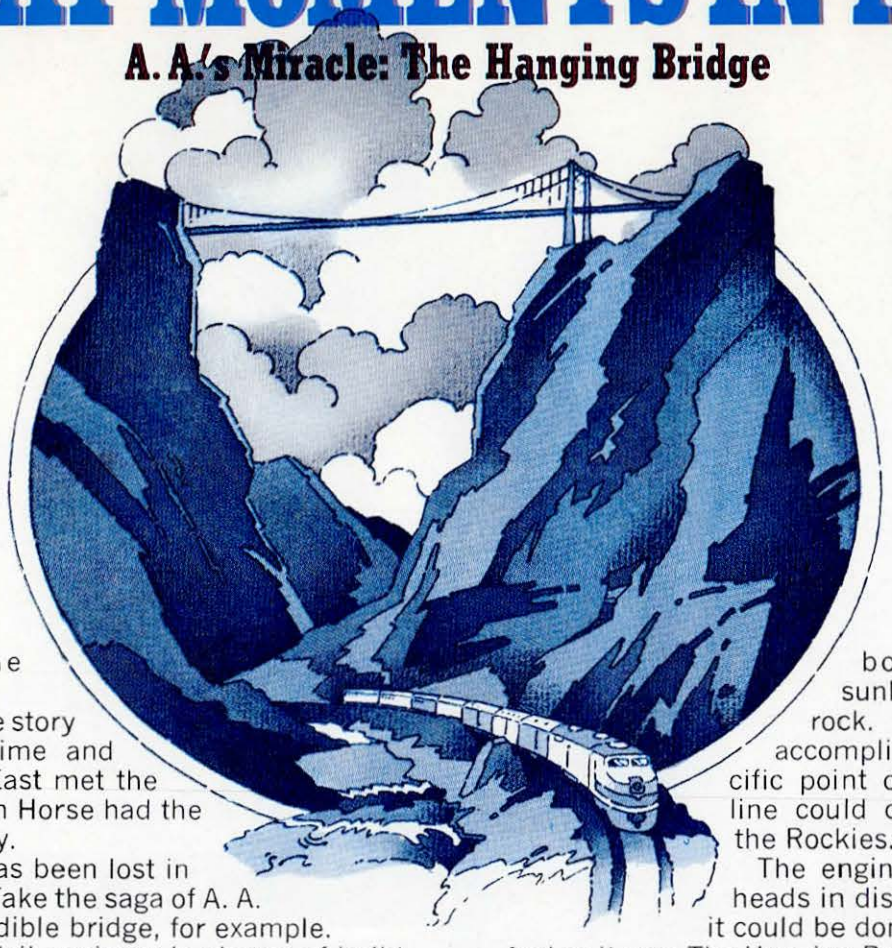
The problems are not insurmountable. Already substantial tonnages of Western coal are moving in to the Midwest. Illinois and Michigan utilities have negotiated a contract with McCullough Oil for the supply of 120 million tons of coal over the next 20 years from the Helper, Utah, region. This, of course, will move by rail.

A Burlington Northern unit coal train operation between a new mine at Decker, Mont., and Havana, Ill., which started in 1972 is expected to handle 4 million tons annually. BN sees a real upturn in coal traffic in 1976. By then long-term contracts for transportation of really large tonnages will be paying off. BN will begin handling coal to two Texas utilities, among the first generating stations ever to be built in that state which did not burn oil or gas. Plans are under way to supply coal from Wyoming to a new generating plant at Sutherland, Neb.

Union Pacific, which like BN has in excess of 10 billion tons of marketable coal reserves, is also deeply involved in unit coal trains. Two new mines opened on UP's Wyoming main line in 1972 are contributing an average of seven unit trainloads a week of coal to destinations as far away as the Mississippi Valley. ■

GREAT MOMENTS IN RAIL

A. A.'s Miracle: The Hanging Bridge



Remember the Golden Spike?

You should. The story has been told time and again. How the East met the West and the Iron Horse had the run of the country.

But so much has been lost in the storytelling. Take the saga of A. A. Robinson's incredible bridge, for example.

A. A. was the civil engineer in charge of building a 9½-mile rail line across, through, over, or around Royal Gorge, one of North America's most prodigious chasms. Perpendicular walls. Raging cataracts below that make the Niagara Gorge look like a placid stream.

The torrents of the Arkansas River prevented the use of piers. Going around the obstacle was impossible, too; the maximum gradient had already been achieved. Tunneling? Negative. A. A.'s project was running low on funds as it was. Plus, the public was clamoring to get an east-west link fast.

It was after days of intense thought that the idea finally hit A. A.—"*Hang* the bridge across the ravine!"

Robinson immediately asked his bosses for a surveying study. He wanted to know if it was possible to cut a 12- to 18-in. path in the face of the cliff to support iron girders. The rail would then be suspended from the girders and secured to the cliff face by bolted brackets sunk deep into the rock. If this could be accomplished at one specific point of the gorge, his line could continue through the Rockies.

The engineers shook their heads in disbelief, but, "Yes, it could be done."

And so it was. The Hanging Bridge was erected. And though it had to be restored and beefed up a number of times to accommodate heavier trains, A. A.'s miracle bridge still hangs over Royal Gorge.

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A. A. Robinson's bridge is just one example of how ingenuity can solve a delicate rail problem. Since that day when the golden spike bit the tie, technology has conquered thousands of tough, once-impossible-to-solve problems.

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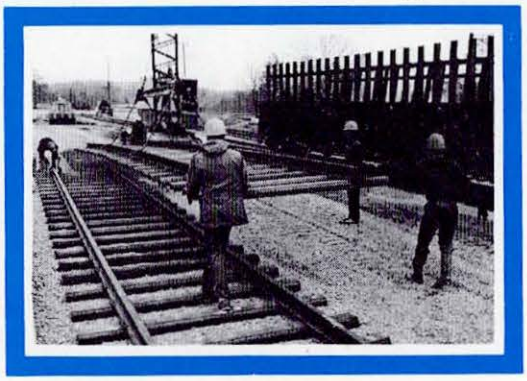

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So we still run the "4501" on special summer excursions. It gives us a chance to remember our heritage and share it with a lot of other people. (Over 45,000 rode on our steam powered trains this year.)

But living in the past is not the Southern way of life. So we're continually building and innovating to meet the rail needs of today. And tomorrow.

This year alone, that means spending some $160 million. This investment is going for a lot of different things. Like 87 new diesel engines and over 3,000 freight cars. Plus a computerized rail yard that can handle 2,400 cars a day.

Back in 1911, the "4501" did a great job serving the South. We're glad it's still around to remind us how far we've come. And today, more than ever, we're doing everything we can to *squeeze the waste out of distribution.*

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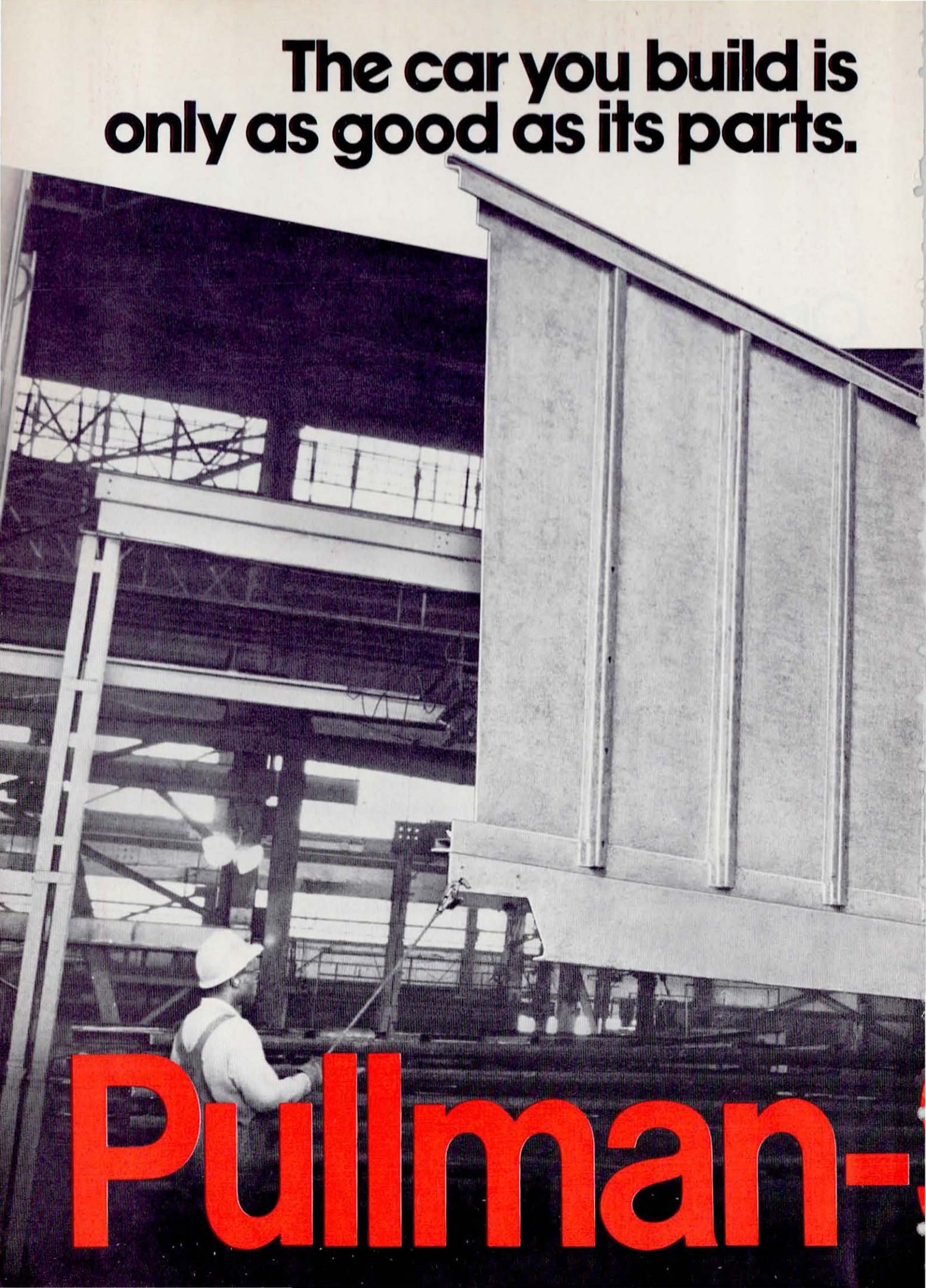

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You can put a car together from a lot of sources.

Or, you can put it together from a single source with a single package of ends, sides, floor, roof and underframe, all of them engineered and fabricated to fit together as a Pullman-Standard car.

When you buy Pullman-Standard package cars, you also get assistance as needed, with parts delivery timed to your production schedule. It's all part of the package.

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Circle 11 on coupon page 45

Shippers give mixed notices to Bank Freight Payment Plan

Three out of four shippers participating in Railway Age's November Traffic Poll are familiar with the Bank Freight Payment Plan. But fewer than one-third of the respondents are actually using the plan. One reason for this is that a number of shippers feel that the plan's drawbacks cancel out its advantages. Another is that a sizeable number of shippers are either uninformed or poorly informed about the plan (a system under which funds are transferred automatically from a shipper's account to a carrier's account as the freight bills are deposited).

The most comprehensive such operation is that of the 32 banks which are allied as the National Association of Freight Payment Banks.

Last year NAFPB banks processed something in excess of $2 billion in freight bills, a figure that is going to be exceeded in 1973.

Railway Age asked a random sampling of shippers what advantages or disadvantages they discerned in the NAFPB's pay-as-you ship plan. The response was mixed.

Harold Holmes, general traffic manager of Hershey Foods, spells out some of the advantages and disadvantages. In favor of bank processing of freight bills, according to Holmes:

—Immediate payment of freight bills—meeting credit time limits.

—Reduction of clerical personnel in accounts-payable departments by eliminating check writing and posting of carrier charges.

—More time available for audit (although this is now done after the fact, rather than before).

—Possibly a more accurate procedure for allocating freight expenses.

On the negative side, Holmes cites:

—Charges are paid prior to audit.

—Overcharges or other corrections found during audit require additional paperwork for correction and refund.

—Automatic payment of freight charges for shipments which have not been authorized by Hershey Foods.

—Reluctance on the part of some carriers to comply with bank statement requirements, such as the supplying of extra copies of the bill of lading.

—Banks automatically pay "accessorial" charges that are not supposed to be absorbed by the shipper such as inside delivery, residential delivery, redelivery and cash-on-delivery charges.

The NAFPB Interbank Plan has been designed for payment of the freight bills for any national company through a single bank account. This is particularly attractive for those organizations with multiple plants and warehouse operations—eliminating a series of accounts with different banks and the writing of many checks. Associate banks of NAFPB act as a clearing house for such companies and carriers.

● How it works. A shipper and/or receiver maintains a bank account with an NAFPB bank in which the balance will be sufficient to cover the daily volume of freight bills. The covering agreement authorizes the bank to pay freight bills submitted by carrier members of the plan. After this transfer of funds has taken place, the original freight bills are mailed to the shipper with a statement of the total payment, including a small service charge. Carriers also pay something under 10 cents per item for this service. If an error is discovered after audit of the freight bill, the bank credits the shipper's account for the amount of the error.

Dale W. Roddy, chairman of NAFPB and its representative for Pittsburgh National Bank, stresses the almost total coverage of major railroads in the payment plan. Among the common-carrier truck lines the figure is almost 90%, with specialized truckers being less well represented. Pittsburgh National, unlike some other NAFPB participants, has been selling this service aggressively and its dollar volume of bills processed in the first ten months of 1973 topped that for all of 1972 when the total was $165 million. PNB, one of the top two banks in NAFPB, has had a 25% increase in business over each of the past four years, and growth will top 25% in 1973.

● A mixed blessing. Because freight collections are speeded, railroads and truckers have been relatively easy to sell on the Bank Payment Plan. Properly packaged, Roddy adds, the plan is not difficult to sell to shippers and receivers of freight. He notes that shipper treasury departments have generally been more enthusiastic than traffic departments about adopting the Plan.

Roddy concedes that a frequent complaint—one that was obvious from responses to the Railway Age poll—is the problem of correcting billing errors which are found after banks have already made the payments. Pittsburgh National has faced up to this problem and is now aligned with an auditing service in Pittsburgh which can check bills and provide microfilm records of every phase of the audit. Roddy says this new service has been a big factor in winning several new national accounts for PNB—firms such as Allis Chalmers, GAF, General Battery, and divisions of Gulf & Western and W.R. Grace.

Some shipper/receivers feel that they can have an undue amount of cash tied up in their freight payment accounts. PNB makes this part of a general cash

November Traffic Poll

97 shippers responding

1. Are you familiar with the NAFPB (National Association of Freight Payment Banks) or similar groups?
   Yes 77%
2. Does your company utilize this type of freight-payment plan?
   Yes 30%
3. Would you like to hear more about it?
   Yes 34%
4. What are the advantages/disadvantages of this plan?
   (For replies, see text)

Our 5 psi car. It unloads anywhere the rails meet the road.

Just pull the trucks up to a siding and leave the rest to the ACF 5 psi car.

Our 5 psi operates off the truck's blower. So you can unload fast. Without a pressure sled, without a portable transfer unit, without any contamination, without any problems.

There's hardly a dry bulk lading this car can't carry. Flour, cement, diatomite, plastics, clay. You name it, the car can carry up to 5700 cubic feet of it.

And getting a shipment into our 5 psi car is just as fast and easy as getting it out.

What's more, the entire car is designed to provide the utmost in sanitation. With smooth, clean-bore interiors. And no sills, ledges or corners to cause any hang-up.

ACF's 5 psi car. It turns a simple siding into a high-volume unloading site.

ACF Industries, Incorporated,
Amcar Division, 620 N. Second Street,
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Shippers like less paperwork — but view inability to audit bills before they are paid as a flaw in the plan

management service for a firm and can arrange for the triggering of funds transfer from other banks when the freight account needs them. Roddy notes that one PNB customer successively reduced its freight payment accounts from eight to two and finally to only that at PNB, in itself a means of minimizing idle cash. That firm now handles the freight bills of 67 nationwide facilities through a single account in Pittsburgh.

Participants in payment plans, such as that of NAFPB, are far from unanimous in their ratings of this system.

Henry M. Karel, Cleo Wrap's director of distribution, sees no disadvantages to the NAFPB plan and sees as pluses the elimination of past-due notices and the handling of post-audit corrections with the bank, rather than going through a possibly lengthy negotiation with the carrier. Corporate Traffic Manager W.L. Weart of Tee Pak finds nothing negative and likes the fact that "we don't have to issue the checks to the carrier and data processing reports can be prepared using data from freight bills."

American Standard, according to J.P. Nelligan, general traffic manager, does use NAFPB and finds that its controlled payment of freight bills eliminates unnecessary document handling in his company, particularly when many small bills, such as those for LTL, must be paid. Nelligan does observe that "the bank pays all bills and many times duplicate payments are made in error."

● **Manhour savings.** F.A. Blood, manager of traffic for General Railway Signal, another NAFPB user, is impressed by the saving in manhours for traffic and accounts-payable clerks. Vermont Marble, says R.A. Olson, traffic manager, likes the payment to one source. This opinion is seconded by J.P. Chopskie, general traffic manager of Bridgeport Brass, who says that the writing of numerous checks is eliminated. The same attitude is expressed by J.R. Harter, traffic manager of Dresser Industries: "Our accounting department is freed of this tedious function."

Westinghouse Electric sees the major advantage of NAFPB to be the legal payment of bills "within the ICC-required time frame," reports C.W. Standard, director of transportation and industrial products.

J. Robert Morton, vice president-corporate transportation for Combustion Engineering, another NAFPB user, finds that since payment is made of freight bills within the credit period, there are fewer follow-up notices and a reduction of duplicate payments with the subsequent shipper/ carrier problems. While a disadvantage, according to Morton, is that a balance must be kept in the bank account, the NAFPB plan does tend to even out cash flow. He does note that some transportation companies may not belong to the bank plan. Campbell Taggart's Lyman McLane adds that "carriers pull out from time to time." Among other NAFPB users are American Cyanamid, Graybar Electric, Peden Industries, and Whitehall Laboratories.

Sperry New Holland is a payment plan user, but P.R. Dicely, traffic supervisor, does spell out some disadvantages:

—Banks pay all bills carriers submit, some of which are not New Holland's;

—Banks do not follow instructions, paying balance-due and post-due bills contrary to instructions;

—Carriers debit New Holland's account for balance-due and post-due bills, contrary to instructions;

—While the accounts-payable section is relieved of work, the load on the New Holland traffic department is increased;

—Banks act only as brokers and do not police individual accounts;

—Banks do not always process credits and debits in a "timely fashion."

Inland Container, another user, sees as advantages the internal clerical savings, the reduced balance requirements and the relative ease of corrections. On the other hand, according to R.L. Kendall, general traffic manager, there are problems. He does not like the absence of billing audit. There is the failure of all carriers to be participants and the problem of covering multiple-plant shipping activities. "Our direction so far as freight payments are concerned," concludes Kendall, "is to centralize through our own internal computer programs which ultimately will make bank programs obsolete for our purposes."

One traffic manager observed that "we have a bank plan but I do not know if it is a member of NAFPB." Other users of the bank payment plans include the Automotive Division of Gould, Inc.; Penick & Ford; USM Corp.; and Agway, Inc.

The majority of traffic managers queried are familiar with the plans, even if they do not use them. Many are very willing to learn more. Some of the non-users are Kennecott Copper, Johnson & Johnson, Abex, American Maize-Products, Carling Brewing, Hollywood Brands, North Dakota Mill & Elevator, Vulcan Materials, Masonite, Exxon, Diamond Shamrock, Ball Corp., Anheuser-Busch, National Cash Register, and Union Carbide.

Many respondents spelled out their reasons for not using the bank payment system, even though indicating a familiarity with its operation. "Too much paperwork to correct errors," says D.H. Wetzel, traffic manager of Celotex. "We prefer pre-audit prior to payment and the plan, in addition, does not tie in with our present accounting system," explains R.H. Heilman, corporate director of transportation and distribution for A.O. Smith Corp.

R.P. Clinton, traffic manager of Honeywell, Inc., does not like the audit and distribution of charges "after the fact." D.C. Smith, general traffic manager of Kraft Foods does not like the costs involved in bank processing and cites the "difficulty of tieing into our accounting procedures."

"We prefer to have complete control of our freight payments," says E.M. Burk, traffic manager of U.S. Industries' Wyatt Division. This concept of payment "is not compatible with our method of processing freight bills for payment," observes John A. Faller, general director-purchasing and traffic, Libbey-Owens-Ford. Loss of control over duplicate and incorrect billings seems to make bank payment unacceptable to many companies, including Steelcase, Inc.; Norton Co.; Outboard Marine Corp.; Firestone Tire & Rubber; U.S. Pipe & Foundry; and Continental Rubber.

Says Edward A. Barrett, general manager of Billings Shipping Corp., "In this day and age we find carriers constantly submit freight bills with errors and it is too much of a hassle to get them corrected. If you automatically correct them the payment association comes back with a balance due, even though you explain your corrections."

Another complaint is that the plans "require too much idle money on deposit," according to R.O. Gurrath, Cutler Hammer's general traffic manager.

The "anti" case is about summed up by C.R. Looney, general traffic manager of PPG Industries: "Some of our freight payment centers have arrangements with banks for centralized payment. This is not at all uniform with PPG but has been done on an individual shipping location basis. The advantages are those usually referred to as simplifying the payment of bills by having one organization do it for PPG, rather than our issuing many individual checks. Thus, paper work is reduced. A major disadvantage is that enough funds be on hand so that the payer of the bills will have sufficient money for the payment. Payment is quite often made ahead of the required time. . .We have been turning down additional use of such plans over the past few years." ■

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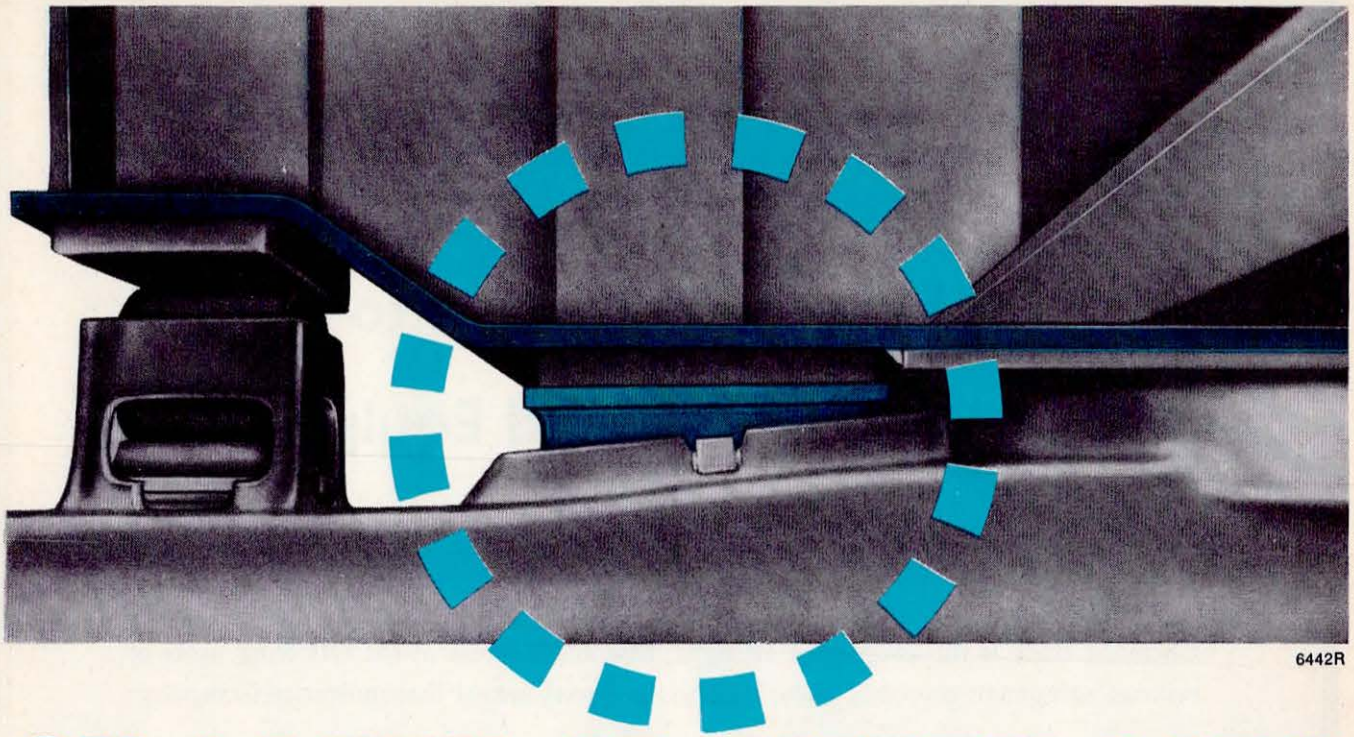

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Circle 12 on coupon page 45

CHEMICAL BANK

Notice of Intention to Offer Units of Railroad Equipment for Sale

Chemical Bank is the assignee of all right, title and interest in the following units of railroad equipment currently under lease to the Penn Central Transportation Company:

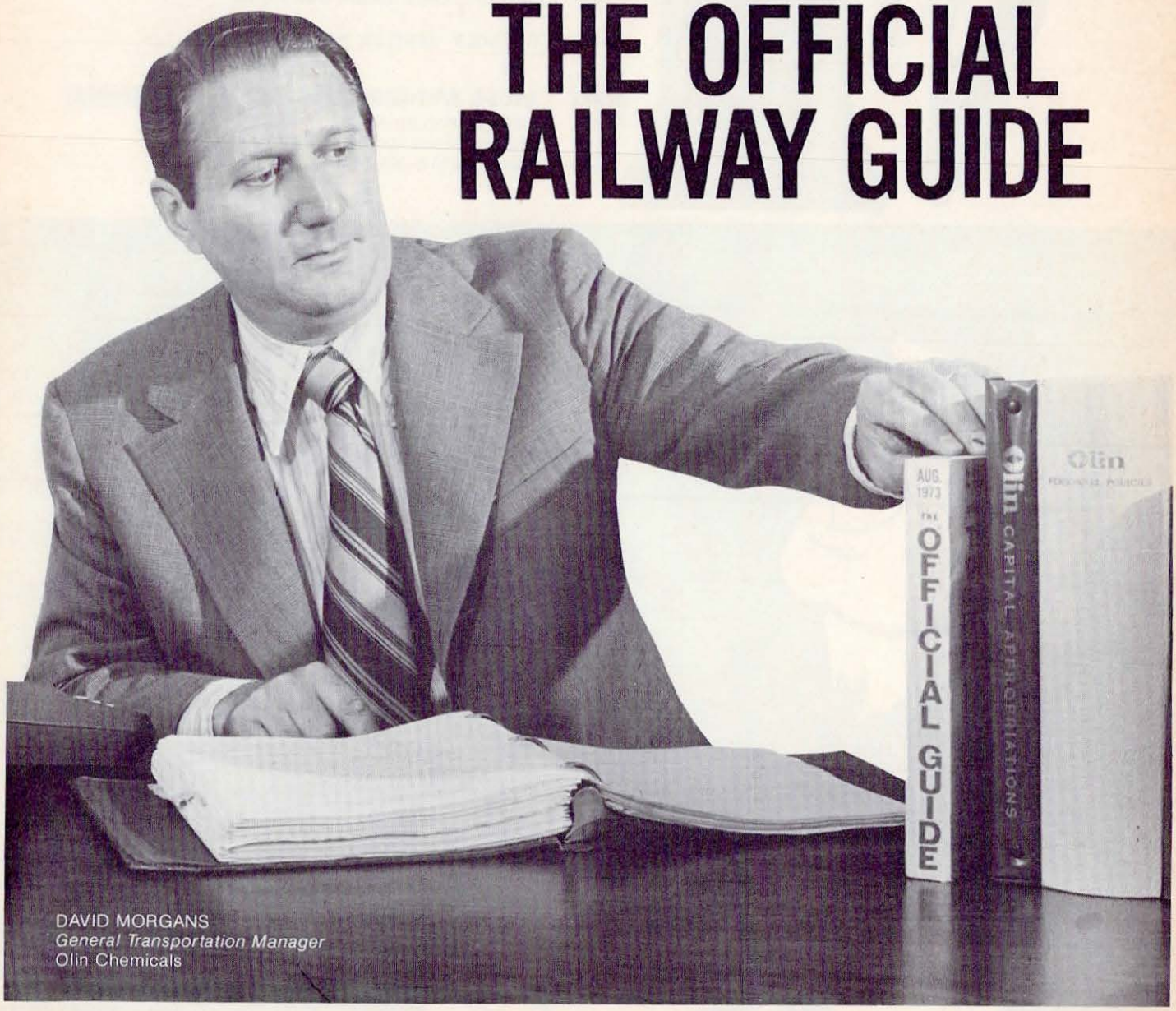
Type of Car	Series	Number of Cars
Caboose	23263-23282	19
Box-40′	126304-138292	229
Box-40′	252935-252988	10
Box-50′	164800-165099	292
Box-50′	264000-264099	99
Box-50′	153825-154060	231
Box-50′	266390-266422	33
Gondola	534300-600102	548
Tie	33300-33364	65
M. of W. Crew Cars	27146-27149	4
M. of W. Crew Cars	27451-27454	4
M. of W. Crew Cars	27317-27318	2
	Total	1,536

Chemical Bank has directed the Trustees of the Penn Central Transportation Company to assemble and store these units of equipment. Chemical Bank hereby gives notice that it intends on or after November 16, 1973, to offer these units of equipment for sale. All inquiries should be directed to Chemical Bank, 20 Pine Street, New York, New York 10015, Attention of Philip W. Abell, Vice President. Chemical Bank reserves the right to reject any and all bids for these units of equipment.

Must traffic, transportation or distribution people dig into a dozen different sources to find the latest, most accurate information on rail freight services? Not this general transportation manager! Throughout my career I've known the best place to find what I needed to know about railroads — THE OFFICIAL GUIDE. In fact, I can't remember any book that has been more useful over the years. It's always on time and has complete information. And what's more, I can always depend on its accuracy. THE GUIDE used to be heavy on the passenger side, but that has been changing. Now it's going to be devoted entirely to freight services. There will be some new features. There will be a new look to the pages. THE GUIDE will be produced with the very latest printing methods and equipment available. But the publisher assures me that they will preserve THE GUIDE's most valuable asset: it will still be the single most authoritative and accurate source book on rail information. And it's all in one volume that I can keep handy right here on my desk. THE OFFICIAL GUIDE helps me in my job. You, too?

IF IT'S UP-TO-DATE, ACCURATE INFORMATION ON RAILWAY FREIGHT SERVICES IT WILL BE IN

THE OFFICIAL RAILWAY GUIDE



DAVID MORGANS
General Transportation Manager
Olin Chemicals

Circle 13 on coupon page 45

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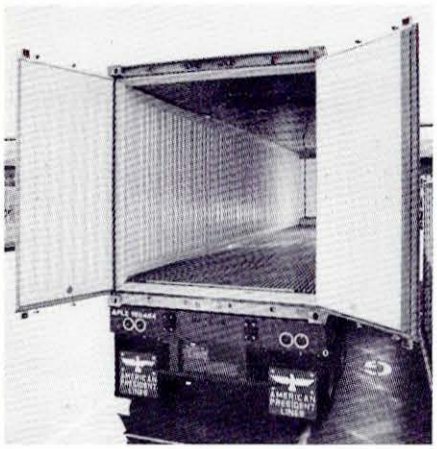
New Products Report



Trailer rib panels have universal configuration

A new GLASBORD rib panel, designated 12/16, is being offered by Kemlite Corp. in a universal configuration which fits all post spacings in refrigerated piggyback trailers. Available in two thicknesses—.120 inch and a new .100 inch—the panel is made of all fiber glass reinforced plastic with a 10 mil surfacing veil applied to each side for scratch and abrasion resistance. Panel lengths range from 88 inches to 120 inches, and they have standard width coverage of 48 inches with a 1½-inch overlap joint. The panels have USDA acceptance for use in federally inspected vehicles.

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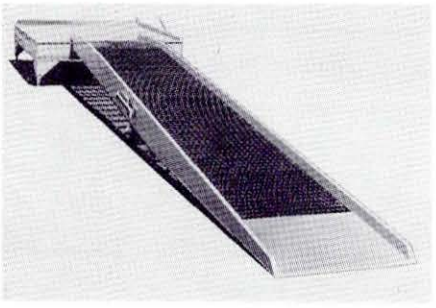

Ramp-platform combination will speed load/unload operation

The Rampmaster, Inc., yardramp and portable platform used in combination make it possible to load and unload from ground level and turn corners with the platform positioned at the loading doors of a railcar or truck. Loads move up the gradual incline of the yardramp positioned parallel with the carrier and turn the corner on the platform to enter the railcar or truck. A truckboard or railboard permits smooth entry into or out of the carrier being loaded or unloaded. The company's platforms are built of heavy-duty aluminum, all-welded construction, with adjustable legs for proper height alignment. The yardramps are also built of high-strength aluminum, welded throughout, in standard lengths of 30 feet and 36 feet. They are highly mobile and can be moved and operated easily by one man. The ramp can be raised or lowered hydraulically to any height from 37 inches to 63 inches. All working parts are protected under the ramp and can be operated from its deck, eliminating need for extra space on the side of the ramp.

Circle 61 on reader service card

Container handling gets new mobility

An expandable container handling spreader that gives a fork lift truck greater mobility in confined areas is mounted on a king-pin which permits the operator to slue the unit 3½ degrees left or right to pick up a container that is positioned at an angle. The feature, developed by the RPC Division of Midland-Ross, eliminates much of the maneuvering that is usually necessary to position a fork lift properly in such a situation. The spreader can be adapted to existing trucks without a special mast arrangement.

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Container transfer unit has a low profile

A container transfer vehicle, designed to handle 20-ton, 20-foot containers

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and other large loads such as cable drums and paper rolls, can move through a 10-foot warehouse or factory door. This Walter Lawrence Engineering Ltd. 20-20 can perform work done by straddle carriers and fork lifts. The 26-foot-long vehicle has its power pack and operator compartment at the rear and an open-ended U-shaped boom at the front. There are four hydraulically operated lifting arms in the boom which can raise a container, either for loading on a flatbed trailer or for transportation by the transfer vehicle itself.

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Stockchaser has 10-ft reach, can operate in 36-inch aisles

A 10-ft reach is provided by the optional built-in ladder on the Taylor-Dunn Model SC Stockchaser. Model SC has an all-welded-steel unitized body and chassis and a diamond plate steel exterior. It is electric powered; the "Power Traction" direct drive axle provides optimum power and performance. The narrow width permits operation in 36-in. aisles. The unit can turn 360 deg. in a 10 ½-ft aisle; its load capacity is the operator and a 500-lb cargo. A built-in charger is available.

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Pellet-shaped compound melts ice and snow quickly

Oakite Radiate is a pellet-shaped compound developed for quickly melting ice and snow on parking lot surfaces, driveways and other high-hazard areas. Radiate also inhibits ice from forming and, in most cases, snow from piling high. It is effective across a wide temperature range and, depending upon temperature, is 12 to 30 times faster than ordinary rock salt. When used as directed, the compound is safe on paved surfaces, lawns, shrubs and other vegetation. After Radiate dissolves, it will not recrystallize. Two lightweight applicators are available.

Circle 65 on reader service card

Signal equipment housings reduce maintenance costs

A new line of railway signal equipment housings made entirely of high-strength, weather-resistant steel has been introduced by WABCO's Union Switch & Signal Division. Made of U.S. Steel's Cor-ten, the enclosures are designed to combine the weather-resisting qualities of aluminum and the strength of carbon steel. Exposed to the weather, the steel develops a tightly adherent protective oxide film on its surface. The film seals the surface against corrosion and eliminates the need for periodic painting and other maintenance. The steel has a shear strength some three times greater than that of aluminum and is three to four times as rigid. It is also 40% stronger than carbon steel. WABCO says the new line is designed to reduce maintenance costs, cut damage to enclosures, provide better protection and lengthen the product's life. The color of the enclosures after oxidation makes them less conspicuous and less susceptible to vandalism.

Circle 66 on reader service card

NEW LITERATURE

STATIONARY BATTERIES. A 32-page selection guide from C&D Batteries covers the major areas of importance to users of stationary batteries. Among the subjects covered: battery selection, charger selection, battery location and battery maintenance.

Circle 70 on reader service card

FLAMMABLE LIQUIDS. All pertinent paragraphs from the Federal Register of Oct. 19, 1972, covering OSHA requirements for handling flammable liquids are reproduced in an 8-page bulletin issued by Justrite Manufacturing Co.

Circle 71 on reader service card

BACK-UP ALARMS. A 4-color 4-page brochure from Preco, Inc., provides detailed information on back-up alarms. The brochure shows wiring diagrams for the electronic safety alarms and details key information on laws involving back-up alarms for use on heavy construction equipment, trucks and other vehicles.

Circle 72 on reader service card

GRAIN DOORS. "Recommended Application of Solid Fibreboard Grain Doors in Closed Cars" is the title of a publication issued by the Freight Loading and Container Section of the AAR's Operations and Maintenance Department. It is priced at 30 cents a copy, with reduced prices for volume orders.

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Circle 15 on coupon page 45

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Market Outlook

CARLOADINGS

Loadings of revenue freight in the week ended Nov. 3 totaled 570,782 cars, according to the Association of American Railroads. This was an increase of 9,123 cars, or 1.6%, compared with the previous week, and an increase of 19,174 cars, or 3.5%, compared with the corresponding week last year. Ton-miles generated by carloadings in the week ended Nov. 3 are estimated at 17.6 billion, an increase of 6.8% above the corresponding week of 1972. (The Nov. 3 ton-mile figure set a new record for a single week, slightly higher than the total for the week ended Oct. 20.)

REVENUE FREIGHT CARLOADINGS

Commodity	Nov. 3 week	Oct. 27 week
Grain	34,249	34,821
Farm products	18,419	17,368
Metallic ores	45,511	45,673
Coal	89,759	93,062
Crushed stone, gravel & sand	31,145	31,521
Nonmetallic minerals	16,419	15,810
Grain mill products	22,464	20,731
Food and kindred products	24,708	23,807
Primary forest products	24,549	25,130
Lumber & wood products (except furniture)	16,939	16,721
Pulp, paper & allied products	24,139	23,557
Chemicals & allied products	27,922	27,626
Petroleum products	9,396	8,936
Stone, clay & glass products	22,347	22,004
Coke	8,350	7,913
Metals & products	29,128	27,240
Motor vehicles & equipment	28,996	29,546
Waste & scrap materials	17,191	16,294
Forwarder & shipper assn. traffic	11,868	11,573
All other carloads	66,722	64,567
LCL traffic	561	532
Total cars loaded	**570,782**	**564,432**
Cumulative total, 44 weeks	1973	1972
	23,232,662	22,142,392
Estimated revenue ton-miles (billions) 44 weeks	716.6	659.4

PIGGYBACK LOADINGS

U.S. piggyback loadings for the week ended Oct. 27, which included the Veterans Day holiday, totaled 31,382 cars (8.3% above the corresponding week last year) and 55,158 trailers or containers (up 10.4% from 1972). Cumulative volume for the first 43 weeks of 1973 is 1,266,206 cars (up 16.1% from last year) and 2,191,739 trailers or containers (up 19.3% from 1972.)

IN CANADA

7 days ending	Tons of Revenue Freight	Cumulative Totals
Oct. 21, 1973	5,625,998	191,500,267
Oct. 21, 1972	5,173,928	167,558,534

● *Boeing Vertol Co.*—Ordered air-conditioning and ventilation systems from the Transport Dynamics Division of Lear Siegler, Inc., to be used in light-rail vehicles Boeing Vertol is building for the Massachusetts Bay Transportation Authority and the San Francisco Municipal Railway (RA, May 14, p. 49). Cost of the equipment is about $1.5 million.

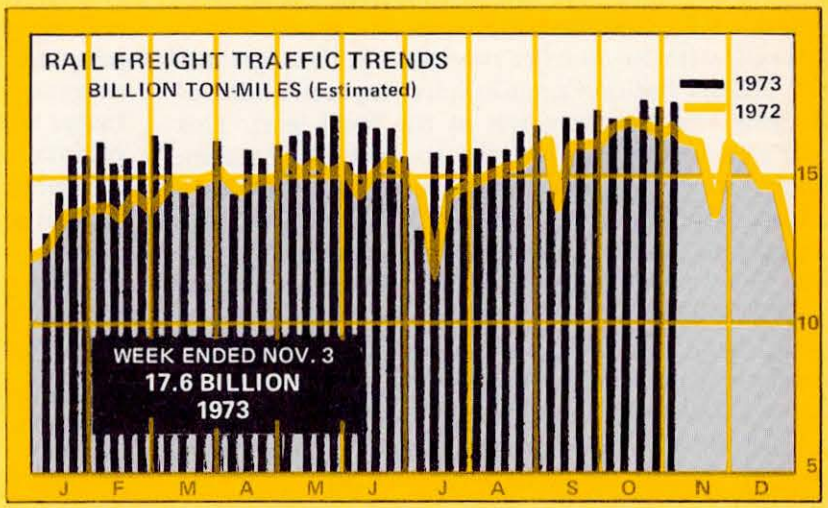
● *Burlington Northern.*—Ordered 200 100-ton XP box cars and 50 cabooses from Pacific Car & Foundry Division of Paccar and 150 100-ton wood-chip cars from Marine & Rail Equipment Division of FMC. Deliveries are scheduled for July through October 1974.

● *Chicago & North Western.*—Ordered 50 3,000-hp diesel-electric locomotives from EMD at a cost of $18,690,000, for delivery in February, March and April 1974.

● *Colombia.*—A rehabilitation and improvement project for Colombian National Railways will be aided with a $25-million loan from the International Bank for Reconstruction and Development.

● *Frisco.*—1974 equipment acquisitions will involve expenditure of about $34.5 million, covering 25 diesel-electric units, 1,235 freight cars, 125 bi-level auto racks, 33 Stac-Pac car sets and a company-shop car-rebuild program. In the freight-car orders will be 535 70-ton, 50½-ft box cars (including 135 ordered previously for 1974 delivery); 100 70-ton, 50½-ft insulated box cars; 450 100-ton covered hopper cars of 4,500- and 3,000-cu-ft-capacity; 100 100-ton open-top hopper cars; and 50 100-ton, 60-ft box cars. The rebuild program will include 100 box cars and 20 cabooses. Rail-renewal, bridge and M/W equipment-acquisition programs will also be increased from '73 levels.

● *Taiwan.*—Ordered 20 1,500-hp G22C diesel-electric units from General Motors Overseas Operations. EMD will build the units for delivery through December.



Source: Association of American Railroads

Short and Significant (Continued from page 8)

SCL's STANLEY HEADS ACCOUNTING DIVISION

The AAR's Accounting Division has elected J.A. Stanley, Jr., vice president and comptroller of the Seaboard Coast Line, as its new chairman. Also named at the division's annual meeting in Phoenix, Ariz., were T.D. Rodman, controller, Missouri Pacific, first vice chairman; and H.J. Brinner, comptroller, Norfolk & Western, second vice chairman. New officers of the Cost Analysis Organization, Executive Committee, are Robert Keyes, assistant general auditor, Santa Fe, chairman; and V.A. Cano, director costs and profit analysis, Penn Central, vice chairman. Philip A. Lyon continues as executive secretary of the division and the Cost Analysis Organization.

ADAMS: "GIVE FUEL TO PUBLIC CARRIERS"

Rep. Brock Adams (D.-Wash.), chairman of the House Transportation subcommittee, says mandatory fuel allocations programs "should give the regulated public transportation carriers priority over the private automobile." Adams told an Air Transport Association conference in Washington Nov. 6 that "automobiles are the least efficient carriers in terms of fuel used per passenger mile, Yet in our present transportation chaos, we continue to invest billions of dollars in highway construction, in effect subsidizing and encouraging the use of the individual automobile for basic transport. It has been nice, but we cannot continue to subsidize cars, while the airlines, trucklines and railroads are being severely penalized and forced to cut back on service."

NEW YORK VOTERS REJECT BOND ISSUE

Two years ago, in trying to win voter approval of a $2.5-billion transportation bond issue, New York Gov. Nelson Rockefeller tried the hard-sell approach, putting his personal prestige on the line and investing heavily in television advertising. The bond issue failed. This year Rockefeller tried again—this time for a $3.5-billion bond issue. The approach was soft-sell, with Rockefeller staying in the background and Transportation Commissioner Raymond Schuler carrying the plea to voters at the local level. This year's campaign also had the support of Theodore Kheel, labor arbitrator and mass-transit advocate whose opposition to the 1971 bond issue was thought to be a key element in its defeat. But on Nov. 6 voters again turned down the transportation bonds. Rejection of the bond issue seemed certain to result in an increase in the New York City transit fare (which at 35 cents is now one of the lowest in the country) and it also left in doubt the fate of a number of highway and mass-transit construction projects. Transit was to have received $2.1 billion of the proceeds, and highways $1.4 billion.

C&NW LAUNCHES "CENTER" CONCEPT

In the first of what's expected to be a number of such projects, Chicago & North Western has opened a "transportation center" at Wheaton, Ill., fifth largest (in terms of patronage) of the 50 Chicago suburbs served by C&NW's three suburban-service lines. The transportation center itself includes a new station, a multi-level parking garage (with a 50-cent-a-day fee), a taxi office and loading station and an off-street driveway for private automobiles. It's all part of a larger complex, Wheaton Center, which will also include residential and commercial developments.

OFFICIAL GUIDE GOES ALL-FREIGHT

Effective Jan. 1, the Official Railway Guide—the 105-year-old "bible" of railway timetables—will become an all-freight data source. The revamped volume will be known as the "North American Freight Service Edition." A new passenger publication is planned by the National Railway Publication Co., publisher of the Guide. NRPC President John A. Pattee said features of the new all-freight edition will include an improved station index; alphabetical carrier listings; easy-to-read maps; freight data for all roads; additional mileage tables; broadened lists of freight service contact personnel; expanded listings of freight junctions and connections; ramp and service information for TOFC/COFC operations; expanded freight schedules; more government agency listings; new listings of transportation and traffic groups.

NW WILL TREAT ALCOHOLICS

Norfolk & Western will establish an "alcoholic rehabilitation service" as part of its medical department Dec. 1. Dr. Robert W. Edmonds, NW's medical director, said counselors will be stationed at Roanoke, Va., Cleveland, Ohio, and St. Louis, Mo. A long-range educational program for all employees will complement the effort. Noting that similar programs on other railroads have resulted in lower absenteeism, improved morale and increased productivity, Dr. Edmonds added: "This is strictly a voluntary participation program. Statistics show that between 5% and 6% of the population has an alcohol problem."

CLAPP NAMED TO FILL ICC VACANCY

Charles L. Clapp, a member of the White House Domestic Council specializing in transportation and prison problems, has been named by President Nixon to fill the ICC vacancy created by the death last July of Chester M. Wiggin, Jr. Clapp is a former professor and one-time legislative assistant to Senator Leverett Saltonstall of Massachusetts.

Suppliers

Klinger

McKnight

Klinger succeeds McKnight as editor of RSC

Al Klinger of Denver, Colo., has been appointed editor of **Railway System Controls,** a Simmons-Boardman publication, succeeding **Robert W. McKnight,** who has become editor of the **Signalman's Journal.** Klinger will also serve as communications and signaling editor of **Railway Age.** A native of Sioux Falls. S.D., Klinger is a graduate of the U.S. Army Signal School at Fort Monmouth, N.J., where he subsequently taught for two years. He will be headquartered at Simmons-Boardman's New York offices at 350 Broadway. McKnight joined Simmons-Boardman in 1951 as associate editor of Railway Signaling & Communications (now Railway System Controls) and became editor on April 30, 1958, upon the retirement of John Dunn from that position.

Richard E. Stusek has been appointed director of international and industrial sales, **ACI Systems Corp.**

Harry L. Albert, Jr. has been appointed controller, **Pullman-Standard Division** of **Pullman Incorporated.**

Robert F. Thompson appointed sales engineer, Eastern Region, **Safetran Systems Corp.,** Louisville, Ky. Mr. Thompson's headquarters were inadvertently given as Minneapolis in RA, Sept. 24, p. 62. **Ronald G. Robbins** appointed sales engineer, Minneapolis.

Max R. Sproles, former executive director of highway-rail programs, **Association of American Railroads,** has been appointed vice president and manager of the Washington, D.C., office of **Harland Bartholomew & Associates International, Inc.** This firm specializes in planning for cities, government complexes, transportation systems, private developments and other projects.

Jack D. McQuaig, Charles H. Roche, and **Francis D. Neruda** have acquired all of the stock of the **Henry J. Perazzoli Company, Inc.,** Philadelphia. Perazzoli railway products consist of a complete line of grinding equipment for track maintenance, exclusively manufactured for and sold by the **Railway Track-Work Co.** of Philadelphia.

William J. Bird has been appointed president of **Rohr International Corp.,** a newly-formed subsidiary of **Rohr Industries, Inc.,**

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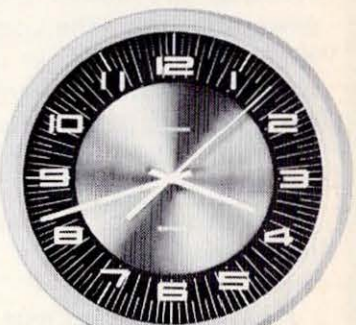

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Circle 18 on coupon page 45

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M.R. Gillenwater
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Chula Vista, Calif. Mr. Bird had been vice president of Kaiser Industries Corp.

H. Willard Gleason has been named vice president-operations, **Kerite Co.**, Seymour, Conn. Mr. Gleason previously served as director of manufacturing, Aerothern Division, Universal Oil Products.

Lawrence H. Stanley, manager of marketing services, **ACF Industries, Inc.,** has been named director of marketing services, New York.

Responsibility for railroad sales has been transferred to **Amcar Division, ACF Industries** from **Shippers Car Line Division** to achieve better coordination between the railroad sales operation and the engineering and manufacturing operations conducted by Amcar. **George E. Reed,** director of railroad sales, now reports to **William J. Jackel,** ACF vice president and general manager of Amcar. Included in the move are **Harold M. Aitkenhead,** manager of field sales, and the railroad sales district offices under his direction; **Donald W. Staeger,** manager of sales engineering and marketing administration; and **Donald B. Howard,** manager of special equipment sales.

Ethan W. Allen, senior sales representative, **Shippers Car Line Division, ACF Industries,** St. Louis, has been appointed St. Louis distirct sales manager of the division.

Effective Nov. 1, the address of the Houston district sales office of the **Okonite Co.** will be Two Northline Plaza, Suite No. 160, 4615 North Freeway, Houston, Tex. 77022. **H.R. Stewart** is district manager. **John W. Myers** and **Larry R. Kelly** are sales representatives.

Thomas J. Cavanaugh has been appointed to the newly created position of marketing manager-railway products, Industrial Products Group, **General Battery Corp.,** Reading, Pa. He has served as a rail transportation sales and service engineer for 7 years with another major battery company.

William J. Kienapple has been appointed export manager, **Diesel Division, General Motors of Canada Limited,** London, Ont.

W.W. McAulay, operations manager, metropolitan transit system, **British Columbia Hydro & Power Authority,** Vancouver, B.C., retired Oct. 19, after more than 36 years of service.

William E. O'Connor has been appointed Chicago railroad product sales representative, **CF&I Steel Corp.,** a subsidiary of Crane Co.

Robert E. Lynch
Union Tank Car

Richard G. Brown
Union Tank Car

W.E. Allen, vice president-fleet operations, **Union Tank Car Co.,** a **Trans Union Corp.** affiliate, has been appointed president and director, **Lithcote Co.,** also an affiliate of **Trans Union. Mitchell R. Gillenwater,** vice president, **Lithcote,** has been named executive vice president and general manager. **Robert E. Lynch** has been promoted from assistant vice president-sales, **Union Tank,** to vice president-sales, and **Richard G. Brown** has been advanced from assistant vice president-fleet services to vice president-sales services.

Dr. Harvey A. Levine, formerly of the Bureau of Economics, Interstate Commerce Commission, and Office of Policy Review, U.S. Department of Transportation, has joined **R.L. Banks & Associates, Inc.,** Washington, D.C., as senior economist.

Charles F. Yardley has been appointed vice president-rail and intermodal operations, **Hudson General Corp.,** Great Neck, N.Y. Mr. Yardley has served as vice president-operations and maintenance, Boston & Maine; vice president, Vermont Railway, Inc., and in the Operating-Transportation Division, Association of American Railroads.

Microphor, Inc., Willits, Calif., is expanding its new plant facility to include 16,000 additional square feet of operating space. The company manufactures sewage treatment units for various applications, including trains.

Kenneth G. Reasons has been appointed sales manager, **Lithcote Co.,** Chicago, replacing **Bruce J. Fischer,** appointed midwest district sales manager, **Union Tank Car Co.**

William Krause, sales manager, Chicago District Office, **CTI-Container Transport International, Inc.,** has been promoted to district manager there.

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Viewpoint

Return to the coal standard?

In the wake of the Mideast conflict, there is a sudden demand on the part of utilities, particularly those on the East Coast, to allow a relaxation of environmental standards so that high-sulfur oil and coal can again be used for electric power generation.

Although these power plants converted to imported fuel oil, many have maintained their own coal handling equipment and some are now taking steps to put it back into service. The Federal Power Commission recently indicated that 44% of the converted-to-oil plants could quickly switch back to coal.

Even the steam plants of the Tennessee Valley Authority, which burn coal, have been experiencing supply difficulties, primarily because of pending legislation that could severely restrict strip mining in mountainous areas such as those from which TVA draws its fuel. Many small deep mines have shut down because of the expense involved in meeting new mine safety standards. Getting closed mines back into production, or sparking investment in new mines, would involve long-term purchase contracts on the part of utilities.

In all this discussion of putting America's electric power generation back on the coal standard, there seems to have been little consideration of the energy haulers that would be involved. Utilities did precious little to preserve the coal-handling capabilities of the railroads that serve their facilities. This could serve to initiate another round of bad publicity for the beleaguered Northeastern railroads. If oil-starved utilities are successful in finding coal, high-sulfur or otherwise, the situation could arise that would bring condemnation on the Jersey Central, Reading, Penn Central and others for allowing their fleets of open-top hoppers to drop so that they cannot overnight resume their former role as the energy movers of the Northeast. Utilities and government might give some attention to what that coal will move in if, in fact, they are successful in again establishing a supply of it.

Does this sound familiar?

"America's. . .railroad plant, swept to the brink of bankruptcy. . .is again on the dissecting table in Washington. . .and those who have been conducting the preliminary diagnosis are convinced that drastic revision of the Government's regulatory policy can not be postponed longer."

Those words were written not last week, not last year, not even in the last decade. They were written 40 years ago this autumn and published in the Oct. 14, 1933, issue of the Literary Digest.

Needless to say, the reforms that seemed so urgent, so imminent, four decades ago never came to pass. And that is a principal reason why railroads are again on the dissecting table in Washington.

To deal with the immediate railroad crisis, that existing in the Northeast, President Nixon has, or soon will have, a bill which, while far from perfect, is the best which all interested parties have been able to agree on. We urge his approval.

And we suggest that the best way to insure that such an unpleasant piece of legislation never again crosses his, or any other President's, desk is to require the DOT to get to work immediately and meaningfully on the regulatory reforms which all Administrations since that of FDR have recognized as urgent—but which none, so far, have been able to accomplish.

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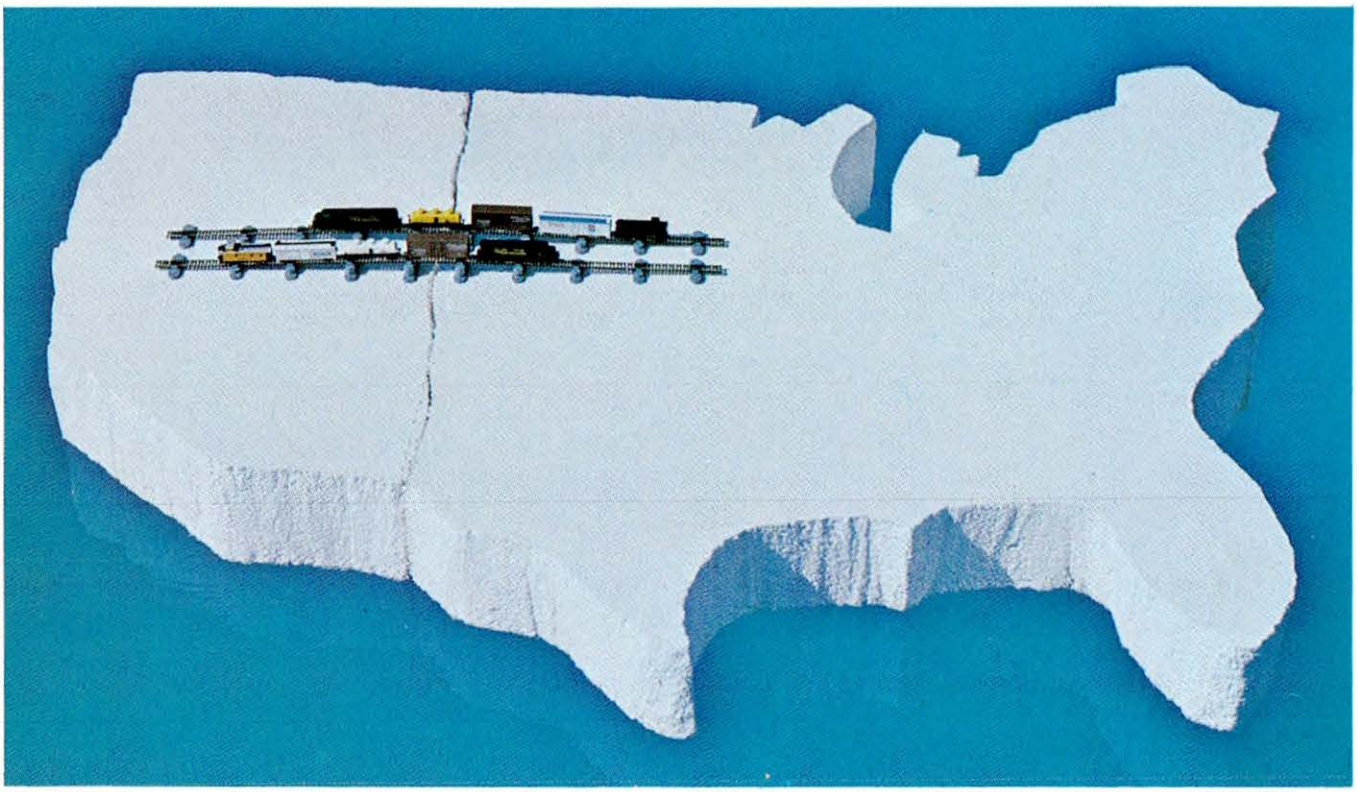

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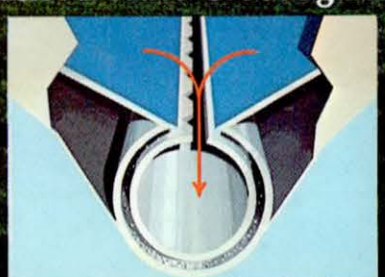

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